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CONSUMER GOODS AND DOMESTIC TRADE

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CONSUMER GOODS PRODUCTION AND DISTRIBUTION

PROGRAM OF SOCIAL DEVELOPMENT, INCREASE OF WELL-BEING OF PEOPLE

Novosibirsk *EKONOMIKA I ORGANIZATSIYA PROMYSHLENNOGO PROIZVODSTVA* in Russian No 5, May 81 pp 3-19

[Article: "Social Progress and the Program of the Increase of the Well-Being of the People"]

[Text] When determining the long-range goal of the economic policy of the state, we naturally turn to V. I. Lenin. He emphasized that social production under socialism is developed "...for ensuring the complete well-being and free all-round development of all the members of society."¹

The strategy of the party and the state is also determined by this goal.

The Implementation of the Strategy. Time and Results

It is sufficient to recall the instructional documents of the Soviet Government, beginning with the first post-October decrees, to see how during any historical interval of time, with allowance made for all the complexity and variability of the domestic and foreign political situation of the country, the party set and accomplished the tasks of increasing the well-being of the people and strove to create the conditions for the more and more complete spiritual development of each member of society. The assortment of consumer goods, which has been enlarged from five-year plan to five-year plan, the increase of personal and municipal services, housing construction, the expansion of the network of health, public education and cultural institutions, the improvement of the social security system, the creation throughout the country of thousands of recreation zones, the improvement of working conditions and the increase of free time, concern about the accessibility of benefits of culture for the inhabitants not only of large cities, but also of all the population centers of the country and, finally, the concern about man's environment and the degree of comfort of life in it served this. Many millions of rubles in capital investments, which have been planned and made from year to year, are behind each of the mentioned directions.

"Entering the 1970's," Comrade L. I. Brezhnev said in the Accountability Report of the Central Committee to the 26th party congress, "the party analyzed thoroughly the state of the national economy and specified the main means of solving the socio-economic problems of mature socialism." Hence the uniform and consistent

1. V. I. Lenin, "Poln. sobr. soch." [Complete Works], Vol 6, p 232.

policy of the 24th, 25th and 26th CPSU Congresses and a number of Central Committee plena which were devoted to the building of the economy.

An extensive program of increasing the well-being of the people was implemented during the 1970's. As a result the minimum wage, the rates and salaries of middle-income workers and employees and the amounts of pensions were increased, the living conditions of the participants in World War II were improved, grants for children from needy families were introduced and the stipends for students were increased. In 1980 about half of the population of the country had an income per family member in excess of 100 rubles a month, while in 1970 only 18 percent of the population had such an income. In 10 years the production of consumer goods increased twofold.

During the years of the 10th Five-Year Plan alone 329 billion rubles more were allocated from the national income for increasing the material well-being than during the Ninth Five-Year Plan. The payments and benefits from public consumption funds increased during the 5 years by 134 billion rubles and in 1980 amounted to 438 rubles per person. Each year from 10 to 11 million people hold housewarmings. This means that while you were reading this phrase, another five or six families moved into well-appointed housing. Such is the scale of state actions which are aimed at increasing the well-being of the people.

A New Formulation of the Fundamental Task

The social program of the 11th Five-Year Plan, which was adopted by the 26th CPSU Congress, is a direct continuation of the policy which was consistently developed in the decisions of the 24th and 25th party congresses. At the same time the importance of the tasks on increasing the standard of living of the people is now increasing as never before. This is connected with a number of circumstances.

The first is the new possibilities of mature socialism. At this stage of social development the objective conditions are being created for the requirements of the main economic law of socialism to be realized most consistently and fully, for precisely them to determine the main traits of the economic process. Social production is being subordinated to a greater and greater extent to the main social goal: the improvement of the life of the people.

The second is the need to overcome the historically established disparity between the enormous industrial might of the country and the inadequately high standard of living of the Soviet people. This thesis needs some comments.

We have taken second place in the world behind the United States in the volume of industrial output; we are wealthier than the United States with respect to the amount of manpower resources and reserves of a number of most important natural resources, including the amount of arable land; we use practically the same amount of productive capital; we hold first place in the world in the production of petroleum, coal, ferrous metals, lumber, cement, reinforced concrete, mineral fertilizers; in the output of tractors, agricultural machinery, hydraulic turbines, diesel and electric locomotives, machine tools and several other items. But with respect to some indicators of the standard of living we lag both behind our own potentials and behind the level of the most developed and richest countries. Thus, in the level of average income per person we lag behind the United States and the developed countries of Europe. An even greater lag has formed in the level of the provision of services and amenities and the comfort of housing. Services and the quality of many day to day goods have fallen far behind.

Of course, the standard of living is a concept of a broad social level, it cannot be reduced to the set of latest household appliances, which is accessible to the family, to the diversity of dry goods or to the number of square meters per person. The provision with a job, the length of the work week, the accessibility of education and medical assistance, the system of paid vacations, social equality, secure old age, the absence of organized crime and safe housing and so on are a part of the concept of the standard of living. The enumerated and many other social problems can be completely solved only under the conditions of socialism, which also determines the different nature, the different quality of our life.² All this should be borne in mind when comparing the average indicators of the USSR and the United States in the area of consumption, housing and so on. In our country the differentiation of the real income of the family around the average indicators is connected first of all with the quantity and quality of the labor of its members, with social benefits and with the number of dependents. Under capitalism the differentiation of income is connected with the class status of the family and ranges from fabulous profits to utter poverty.

And still we do not pretend not to see the still significant gap between us and the most developed countries in the level of the per capita consumption of many goods and personal services. Here it must be remembered and understood, under what historical conditions the above-mentioned disproportions formed. Of the 63 years of existence of the Soviet state, 17 years have been wars and the restoration of the ravaged economy. It is altogether impossible to recover some losses. World War II took 20 million lives. Its demographic echo repeatedly affects subsequent generation, by decreasing the birth rate and distorting the age ratios. Having remained for many years the only state of triumphant socialism, the country was forced to exert excessively great efforts on the development of heavy industry and the defense sectors, while limiting the development of the sphere of consumption. There was no other way, it became a question of the life or death of socialist society. World War II confirmed the correctness of our economic strategy. But no sooner had we brought the war to a victorious end than we were forced to take up the development of unusually expensive and complicated types of weapons, which was imposed upon us. Against the will of the Soviet Union the production of arms is also continuing today, diverting as before enormous amounts of capital, the industrial and scientific potential from the solution of the problems of peaceful economic development. But under the new historical conditions, with the existence of the unified socialist camp which is united by the bonds of economic integration, while having a mighty defensive potential, our country is capable of raising and solving simultaneously both problems of national security and problems of increasing the standard of living.

The third feature is the pronounced strengthening of the direct and inverse relationships between the standard of living and the efficiency of the economy. The fact that the level of well-being of the people depends on the level of the productive forces, is obvious. But in recent years the inverse relationship has grown noticeably stronger. The role of man in production with his knowledge of modern technology, his attitude toward labor and his ability to organize this labor, his labor morals--this role is becoming more and more decisive. Whereas comparatively

2. We recommend to the readers the interesting, fact-filled article by Candidate of Economic Sciences B. Bolotin, "If You Compare Honestly" (ZHURNALIST, No 8, 1980).

little depended on yesterday's lathe operator, driver, digger and loader, today the uninterrupted operation of many links and many hundreds of associated works depends on the work of the operator at chemical plants, the electrician or engineer on duty in shops of continuous production, the driver of a heavy-duty concrete carrier or a walking excavator, while the harm done by an unskilled, careless or drunk worker can amount to enormous sums. Therefore the all-round concern about the man of labor, as well as his everyday education are becoming factors of production efficiency.

And everything taken together is the objective basis of the sharp turn which we see in the documents of the 26th party congress--the elaboration of a detailed program of social development and the increase of the well-being of the people.

Again About the Importance of the Inverse Relationship

The consumption of wealth, as K. Marx indicated, "reproduces demands." Thereby consumption actively influences social production, its level and rate. The close economic relationship of the consumption of material and spiritual wealth by the population, on the one hand, and of the production of this wealth, on the other, is an objective law of the development of human society during any historical interval. But this law is manifested in different ways and depends on the nature of production relations and the method of distribution of the income. Under capitalism any expansion of production leads to the further enrichment of its owners; under socialism it serves the satisfaction of the constantly increasing demands of the people. But an inverse relationship--the active influence of the consumption of material and spiritual wealth on its production--is obvious in both places.

The interrelationship between a conscientious, active attitude toward labor and its results is enormous. The public cooperation of labor has assumed such a massive scale and such complex forms, that no external monitoring can guarantee a high quality of the thousands of operations, mutual obligations and manipulated variables from which modern production is formed. Only internal discipline, culture and labor morality can ensure high end results. All these qualities are being fostered by the very organization of labor and production and by educational ideological work and are being consolidated by the system of social conditions under which the worker lives and works. Not by chance has the expression "the social factors of efficiency" become popular--their influence is evident everywhere.

In the journal we have told about the experience of many collectives, in which the attention of the administration toward social factors acted as one of the decisive factors of success. The giant Volga Motor Vehicle Plant and the Novokuznetsk Zyrnovskaya mine, the Perm' Telephone Plant and the Kupavinskiy Thin Cloth Factory, the Magnitogorsk Metallurgical Combine and the Tiraspol' Garment Factory--the experience of each of these so different collectives attests to the great effectiveness of social measures. A large number of examples are known, in case of which enterprises, which are located close to each other and operate under identical conditions, achieve completely different results, while the basis for this is not the differences in material and technical supply, but the differences in the attitude toward the people, their needs and demands. So, when answering the question, where do we look for "the points of efficiency," by the influencing of which we can obtain an impact with the least expenditures, we should name first of all social factors. How a person is treated at the works, whether his labor is evaluated and paid for fairly, how he lives and provides himself with consumer goods, whether the

management is interested in the increase of his skills, what concern is displayed about his family and children, his relaxation, diet and health--the attitude of a person toward his job, his productivity and his usefulness to society to an enormous extent depends on all of this. Now this inverse relationship has become markedly stronger, therefore the concern about the standard of living of the workers has become an immediate factor of economic development, while the increase of the well-being of the people is acting as the strongest stimulus of the development of social production.

What has been said will assist in understanding the economic significance of the task set in the Main Directions of USSR Economic and Social Development for 1981-1985 and the Period to 1990: "During the 1980's the Communist Party will consistently continue to pursue its economic strategy, the highest goal of which is the steady increase of the material and cultural standard of living of the people and the creation of better conditions for the all-round development of the individual on the basis of the further increase of the efficiency of all social production, the growth of labor productivity and the increase of the social and labor activity of the Soviet people."

Corrections of the Proportions in the Interests of Man

In the program of social development and the increase of the well-being of the people, which was outlined by the 26th CPSU Congress, the more complete satisfaction of the demands of the population for high quality and diverse foodstuffs and industrial goods was put in first place. It is a matter of the saturation of the consumer market and the satisfaction of the effective demand of the population. As is known, during the years of the 10th Five-Year Plan in our country the monetary income of the population increased quite significantly. The average wage increased for the most part, as was planned, by more than 15 percent. The payments and benefits from public funds were at the level of the plan assignments. The income of kolkhoz farmers increased by 26 percent. But then the assignments of the five-year plan on labor productivity were greatly underfulfilled, therefore in order to ensure the planned production volumes an increase of the planned number of workers had to be agreed to, and due to this the wage fund was exceeded by several billion rubles. All the components forming the income of the population increased very significantly. The production of consumer goods and the rendering of personal services should have increased in accordance with its above-plan increase. But this did not happen; even the assignments of the five-year plan in this area were underfulfilled. Thus, production in group B increased by only 21 percent instead of 30-32 percent, which is connected first of all with the low yield of agricultural produce (3 of the 5 years of the planning period--1977, 1979 and 1980--were years of poor harvests). In spite of the efforts of the state--the additional assignments on the production of cultural and personal goods, the increase of purchases abroad--the effective demand was not completely balanced with its material backing. The commodity turnover increased in 5 years by 23 percent instead of 28 percent, the amount of personal services increased by 45 percent instead of 50 percent. Considerable monetary assets did not find goods and services and were left in the hands of the population.

In this connection many people are directing attention to the rapid increase of deposits at savings banks. Indeed, during the years of the 10th Five-Year Plan the total of the deposits increased nearly 1.5-fold and in 1980 amounted to 150 billion rubles, while the number of depositors came to about 150 million. It is incorrect

to explain this phenomenon only by the imbalance of supply and demand. The more rapid increase of deposits as compared with the growth of wages is natural: demand shifts to durable goods, more and more assets are put away for taking vacations, the popularity of tourism, which requires certain savings, is increasing, and the overall increase of the standard of living is inevitably accompanied by an increase of monetary deposits. Given all this, the growth rate of deposits, which has formed in recent years, seems excessive. Money, which has not found goods and services, is sitting idle.

The cited figures attest that during the 11th Five-Year Plan we should not only halt the development of disproportions in this sphere, but also eliminate their causes and see to it that the further increase of wages would be met by their complete material backing. It must be realized that an imbalance of supply and demand objectively leads to the depreciation of the ruble and the undermining of the material interest of workers in the increase of labor productivity.

The struggle against the mentioned negative trends is traced in the documents of the 26th party congress. During the 11th Five-Year Plan noticeably different proportions of a number of indicators have been adopted than was the case during the 10th Five-Year Plan. Thus, it is planned to increase the output of agricultural products, which grew by 9 percent during the 10th Five-Year Plan, by 12-14 percent, and the production of consumer items instead of the 21 percent during the 10th Five-Year Plan by 27-29 percent during the 11th Five-Year Plan. The growth rate of the public consumption funds is being decreased somewhat (from 28 to 20 percent), a stable growth rate of wages is being maintained (13-16 percent), the income of kolhoz farmers from the public sector will be increased rapidly (20-22 percent) and thus the increase of the per capita income during the 11th Five-Year Plan will be 16-18 percent as against 17 percent during the 10th Five-Year Plan.

In the proportions outlined for the 11th Five-Year Plan two interrelated features should be noted. First, it is planned to develop more rapidly the sectors which produce consumer items (the output of group A will increase by 26-28 percent, the output of group B--27-29 percent). It is envisaged that practically all the sectors of industry will be involved in the production of consumer goods. Second, as a result of the former, the proportion of consumption in the composition of the national income will increase (from 75.3 percent in 1980 to 77.3 percent in 1985). Of the total increase of the national income, nine-tenths will be allocated for increasing the standard of living of the people.

From the cited figures it can be clearly seen what important emphasis during the begun five-year plan is placed on the material backing of the commodity turnover, and the commodity turnover itself will increase more rapidly (during the five-year plan by 22-25 percent) than the monetary wage fund (16-19 percent). Owing to this factor the saturation of the market with consumer goods can also be achieved.

An Object of Particular Concern Is the Agro-Industrial Complex

So far in the instructional documents of the party congresses on the five-year plans there has always been the section "The Development of Agriculture." Now the question is being stated more broadly: the development of the unified agro-industrial complex, which is called upon to reliably supply the country with food-stuffs and agricultural raw materials, is being planned for the 11th Five-Year Plan.

In accordance with the Main Directions all the development of agriculture, especially animal husbandry, is being stepped up substantially. It is envisaged to increase the average annual production of meat to 17-17.5 million tons as against 14.8 million tons during the 10th Five-Year Plan; milk--from 92.6 to 97-99 million tons; eggs--from 63.1 to 72 billion. It is important to emphasize that all these assignments are backed by equipment and capital investments. More than 27 percent of all the capital investments in the national economy are being allocated to agricultural sectors. In all kolkhozes and sovkhozes will receive in 5 years 1.87 million tractors, 1.45 million trucks, 600,000 grain harvesting combines and 115 million tons of fertilizers. The electric power-worker ratio of agricultural labor will increase by more than 40 percent. All these figures exceed the indicators of the 10th Five-Year Plan. To this it must be added that the quality of the machines is improving considerably, their power and reliability are increasing. Combine plants are changing over to the output of machines of a new type, which are twice as productive as the old machines. The program of the social development of the village is attracting attention: the capital investments in this program will increase nearly twice as fast as investments as a whole.

The new thing is that not only the problems of agricultural production proper, but also the questions of delivering its output to the consumer are examined in the unified section of the Main Directions. The entire chain is traced, which is extremely important. Measures on the improvement of the organizational structures of the management of the agricultural complex are also being prepared.

Major measures on the improvement of the system of the planning and stimulation of agricultural production are stipulated in the decree of the CPSU Central Committee and the USSR Council of Ministers of 14 November 1980. In it the practice of unfounded interference in the economic operations of kolkhozes and sovkhozes on the part of superior organizations is condemned, a uniform plan of the purchases of agricultural products for 5 years with a breakdown by years is established, and a new system of the stimulation of farms for the increase of the sale of products to the state as compared with the average annual level of past five-year plans (and not for the above-plan delivery, as was previously the case) is introduced.

On the basis of the strategy of socio-economic development, the Politburo of the CPSU Central Committee has adopted a decision on the preparation of a special food program, in which the questions of the development of agriculture and the sectors of industry, which serve it, the procurement, storage, transportation and processing of products and the questions of the development of the food industry and trade in foodstuffs are united. This agro-industrial complex will be planned and managed as a unified whole. The goal of this food program is defined as follows in the Accountability Report of the CPSU Central Committee to the 26th party congress: "In the shortest possible time to solve the problem of the uninterrupted supply of the population with products."

The subsidiary farms of enterprises, horticultural and gardening associations, as well as the private subsidiary sector should function as a definite helper of sovkhozes and kolkhozes. Their development and centralized assistance to them are called for in section 5 of the Main Directions.

As we see, the directives of the 26th party congress for the 11th Five-Year Plan and the period to 1990 provide for a large number of newly introduced measures which are aimed at solving the food problem.

Concern and Return

The measures we have discussed will unquestionably improve both the diet of the population and their supply with consumer goods. Therefore, the 16-18 percent increase of the per capita income, which is envisaged during the years of the 11th Five-Year Plan, substantially exceeds the 17-percent increase of the real income, which was achieved during the 10th Five-Year Plan: it will be backed more completely by high quality goods of a broad assortment.

At present the average wage with allowance for the payments and benefits from public funds amounts to 230 rubles, of them 168.5 rubles are the monetary wage. By the end of the five-year plan these figures should increase to approximately 260 and 190 rubles.

It is important to note one feature which is incorporated in the instructions of the congress. Whereas in past years the increase of wages took place mainly owing to centralized efforts, and at times without a direct relationship to the efficiency of the work being paid for, during the years of the 11th Five-Year Plan changes in the structure of the parts forming the wage are envisaged: that part of it, which is connected with the increase of the productivity of national labor, will increase more rapidly. Thus the connection between the results of labor and the payment for it will be strengthened. All the types of stimulation, about which it is stated in the Main Directions: "To increase the effectiveness of the system of material and moral incentives, to strengthen the stimulating role of the payment according to labor--the main source of income of the population" is called upon to serve the same purpose.

And there is the entry, which as if sums up all the directions named above: "To coordinate the improvement of the living conditions of the workers more closely with the solution of production problems." Here the concern about people joins with the requirement of a real return from them during production.

The implementation of major measures on the improvement of the life of low-income workers and needy families is called for during the 11th Five-Year Plan. It is planned to begin the increase of the minimum wage to 80 rubles a month, the rates and salaries of workers and employees. The minimum old-age and disability pensions will be increased, state aid to families with children will be stepped up, other measures on the further improvement of the social security of the population will be implemented.

In addition to the tasks we discussed above, the program of the economic and social development of the country for the next 5 and 10 years envisages an entire set of measures which ensure the social progress of society.

Let us turn to several of them.

The improvement of the housing, cultural and everyday living conditions of the population. A task of great social importance has been set: by the end of the 10-year period being planned every Soviet family should have a separate apartment. During the last five-year plan nearly 50 million people improved their housing conditions, 530 million m^2 of living space were built. During the 11th Five-Year Plan the amount of housing construction will be maintained at approximately the same level (530-540 million m^2), but at the same time a large portion of the buildings will be constructed according to new plans, with an improved layout and higher quality. By knowing what role the housing question plays in the attachment of personnel and the solution of a number of purely production problems, it is possible to estimate how beneficial an influence the fulfillment of the program of housing construction will have on many aspects of economic and social life.

Profound transformations are planned in the most important sphere of human activity--national labor. It is a matter of improving working conditions and making them easier, of increasing labor productivity and of mechanizing manual operations. It must not be forgotten that in our country more than 45 million people at enterprises and kolkhoses are engaged in manual unmechanized labor. That is nearly half of the workers in industry, more than 50 percent in construction and more than 70 percent in loading and unloading operations, trade and agriculture. The past five-year plans have shown that local measures are of little use in this area. A comprehensive goal program of the reduction of manual labor, which includes its mechanization, the establishment of centralized and intersectorial service works, the output of the appropriate equipment in machine building and a system for increasing the skills of workers, is now being elaborated. In the new economic mechanism the introduction of a special indicator of the reduction of manual labor is envisaged for the 11th Five-Year Plan. As we see, here, too, the measures on improving working conditions are connected with the increase of labor productivity, the concern about man is accompanied by an increase of his payment to the national money box.

In the 1980's now underway we have to make significant progress in the solution of one of the fundamental social problems on the path of the building of communism: the elimination of the substantial differences between mental and physical labor. There is a large set of interconnected questions here: the extensive use of the achievements of scientific and technical progress, the increase of the occupational and educational level of the workers, the supplanting of manual labor by mechanized labor, the gradual transformation of agrarian labor into a version of industrial labor and much else.

The low prestige of many working class occupations, which has formed in the mind of young people, is already serving as a significant obstacle of economic practice. The path to overcoming this extremely undesirable trend lies not through verbal appeals, but through the updating of equipment and technology, the improvement of working conditions and the filling of the bulk of production operations with an appealing content: the worker should make independent decisions, understand complicated equipment, not be bound to one operation or a monotonous type of activity and see the prospect of his own development. Numerical control machine tools and machining centers, automatic lines, shops and entire enterprises, advanced machine repair and maintenance systems and, along with them, systems of the development and promotion of personnel and of their mandatory further training--all these are visible traits of the transformations which are making it possible to bring mental and

physical labor closer and closer. And here during the fulfillment of the outlined 10-year program social problems are simultaneously being solved, and through them, through the improvement of working conditions and the enrichment of the content of labor, through the increasing interest in labor many economic problems are being solved and the efficiency of social production is increasing.

The task of pursuing an active demographic policy is advanced for the first time in such a crucial document. The demand is made on departments and public organizations: "to promote the strengthening of the family as the most important unit of socialist society, the creation of better conditions for the combination of motherhood with the active participation of women in labor and public activity" (from Section II). The continuity of the program, which was outlined back at the 25th CPSU Congress, but has now undergone further development and substantiation, appears clearly here. By knowing what influence the situation with children's pre-school institutions and the situation of working families with young children have on production, it is possible to assess the importance of the measures which are aimed at making the life of these families easier, as well as at increasing the birth rate.

The decisions of the 26th congress in the area of public health are notable for a high degree of continuity. During the 10th Five-Year Plan its material base was developed and improved, multispecialty and new specialized medical institutions, all-union centers--the oncological center, the cardiological center, the mother and child center, the Siberian Department of the Academy of Medical Sciences, prosthetic and orthopedic centers for invalids, a network of drug addiction offices and others--were established. The number of physicians increased during the five-year plan by 166,000. At the same time many questions require solution. In some regions of the country child mortality increased, cardio-vascular and several other diseases "are growing younger," the gap in the life expectancy of women and men is not decreasing, alcoholism among the population is not decreasing. The stepping up of the work on the prevention of diseases, which was outlined for the years of the 11th Five-Year Plan, the appreciable (1.4-fold) increase of the output of medical equipment, the increase of the network of public health institutions, the improvement of their supply with highly effective medicines, the extensive introduction in medical practice of scientific and technical achievements--all this naturally continues the policy which was outlined 5 years ago. The concern about the health of the Soviet people remains the main social task of society. The absences from work alone due to illness and the losses caused by alcoholism do the national economy harm which amounts annually to billions of rubles. The field of medical and public hygiene activity here is enormous.

A very important entry in the Main Directions concerns working and free time: "To use working time more efficiently, to eliminate its unproductive expenditures and losses, to increase the free time of the workers...." It is a very great reserve--the complete utilization of working time. Our country has the shortest 40-hour work week in the world, during the coming decade its further shortening should not be anticipated. The reduction of the expenditures of the time, which is for the present taken by services: transportation, public dining, trade, personal service, the entire broadly understood system of services, is the main source of the increase of free time. The situation of women, who make up 51 percent of the total working population, is especially bad. According to surveys of the budgets of time,

housework deprives them of up to 4-5 hours a day. The job plus transportation deprives them of more than 9 hours. There is 1 hour left for meeting spiritual needs, and then not always. Meanwhile, free time is the greatest wealth of the individual and all of society. The reduction of its unproductive expenditures, "the saving of working time is equivalent to an increase of free time, that is, of the time for the complete development of the individual which itself, in turn, as the greatest productive force, has an inverse influence on the productive force of labor."³ The demand to use working time more efficiently and to increase free time is supported in the decisions of the 26th congress by a number of specific measures which are connected with the organization of labor and leisure.

In addition to the tasks examined in this article, we see in the decisions of the congress an extensive program of tasks, which are directly or indirectly aimed at the increase of the well-being of the people, the creation of the conditions for the free and all-round development of all the members of society, that is, at the achievement of the strategic goals of our development, about which V. I. Lenin spoke in his day.

Here Optimism, There Uncertainty

The program of USSR economic and social development for 1981-1985 and the period to 1990 cannot be examined in isolation, without seeing worldwide trends. The year 1980 concluded in the 24 developed capitalist countries with a decrease of production by 1 percent. The inflation rate in various countries of the West ranged last year from 3.5 to 22 percent and more. At the beginning of this year the number of fully unemployed in the industrially developed countries alone amounted to 24 million. "Nearly 8 million Americans (the labor unions believe that it is not 8 million, but 12 million--editor's note) are without work. These are people who want to engage in productive labor. But months pass, and they sink into despair. The threat of temporary layoffs and unemployment hangs over millions of other Americans. While those who are working are upset by the fact that they cannot do anything so that inflation would not reduce to naught the increase of their wages. The hourly wage of the American worker due to inflation has decreased in the past 5 years by 5 percent. Over the same 5 years the federal personal taxes on the average family have increased by 67 percent," thus new U.S. President Ronald Reagan assessed the situation in his country (a speech to Congress on 18 February of this year).

The unstable economic situation and the unending increase of defense spending are evoking the active protest of the working class. According to the data of the International Labor Organization, now the annual number of strikes recorded in the capitalist countries has reached 28,000, while the number of their participants has reached 37 million.

What kind of programs of social development can it be a question of in such a situation!

But this background of economic uncertainty, cyclical slowdowns and lengthy depressions emphasizes even more the importance of the documents which were adopted by the 26th party congress and are filled with confidence and optimism. Without hiding

3. K. Marx and F. Engels, "Soch." [Works], 2d edition, Vol 46, Part 2, p 221.

the unsolved problems and by boldly noting our shortcomings and disproportions, the party documents of the congress direct the attention of the Soviet people toward the overcoming of the existing difficulties and toward the search for new, more effective economic and social solutions.

The Way Is Not Simple and Not Easy

In speaking about the satisfaction of social demands during the new decade, Comrade L. I. Brezhnev emphasized at the congress that they will have to be satisfied not under simple conditions. The program of the increase of the well-being of the people, which was outlined by the congress, is very intensive. In order to fulfill it, especially in the area of the commodity turnover and consumer service, it is necessary to agree to extra measures. At the beginning of the article we already directed the attention of the readers to the excess of the growth rate of the output of group B over the output of group A. This means an increase in the national income of the share of the consumption fund. The share of the accumulation fund, from which the bulk of capital investments are drawn, is accordingly decreasing. And in spite of this, we should maintain sufficiently high rates of development of all the leading sectors of the national economy.

In order to achieve such sharp changes, the established trends of primarily extensive development have to be broken. Only on the basis of intensification, only through the increase of the productivity of national labor will we be able to implement the program of the increase of the well-being of the people.

The 11th Five-Year Plan is becoming a crucial stage in the accomplishment of the long-range tasks outlined by the congress. It was said about it: "The main task of the 11th Five-Year Plan consists in the assurance of the further increase of the well-being of the Soviet people on the basis of the steady progressive development of the national economy, the acceleration of scientific and technical progress and the changeover of the economy to the intensive path of development, the more efficient use of the production potential of the country, the utmost saving of all types of resources and the improvement of work quality." From this quotation it is evident that we should reorganize ourselves very earnestly. The difficulty of reorganization is that resources will have to be saved in all directions. The economic policy should be simultaneously a labor-saving, capital-saving and material-saving policy. Such a task has never faced us before with such urgency. It is not that difficult to achieve the efficiency of one of the resources. By having additional capital investments it is easy to obtain a saving of living labor, while without stinting oneself in raw materials and materials it is possible to manage for some time without new capital investments. But to be able simultaneously to use capital and manpower in the best way, and also to decrease the materials-output ratio in so doing--traditional methods will not do for such a reorganization. Only cardinal solutions on the basis of scientific and technical progress are capable of resolving such contradictions.

It Depends on Each of Us

It would be incorrect to imagine that the increase of the well-being is a matter exclusively of central organs of management. But in our cities and settlements, shops and divisions we will wait until they build housing for us, deliver products

and increase wages. It is very important to understand and get a feel of the one idea which, for example, the leaders of the Polish trade union Solidarity do not wish to take into consideration: you must not consume more than you have produced. This is one of the laws of economics.

At present the productivity of national labor in the USSR, which is calculated as the production of national income per person employed in physical production, is about 400 rubles a month (the amount of produced national income in 1980 was about 450 billion rubles, the number of people employed in the sectors of physical production was about 95 million). If you consider that approximately three-fourths of the national income are allocated to the consumption fund and that approximately 35 percent of the population of the country is employed in physical production, it is easy to calculate that given such a level of labor productivity the per capita real income (but not the monetary wage) will be about 100 rubles a month. You do not like that? Do we want to live better and to have, for example, a per capita income of 150 rubles? Work in order to increase labor to the 600 rubles which are being invested in the national income by each worker who is employed in physical production. Do we want to have an average real income as in the United States?--we will each produce output worth not 400, but 1,000 rubles. Whatever the level of labor productivity is, such in the end is the level of well-being. The consumerist attitude, which here and there has spread in the mind, must be rooted out. We must not wait until someone from who knows what sources generously improves our life, but must direct more attention to our work: could you not have done more and better in the same time? "There is only one means for this," Comrade L. I. Brezhnev said at the 26th party congress, "to increase demandingness, to learn to work more efficiently, to manage more efficiently."

The new economic mechanism guarantees a link between work quality and the level of compensation. And it will do this not only on the scale of the country, but also at each enterprise. For example, the Shchekino Combine has a higher average wage than at other combines, including those which have a regional coefficient. Here we are asked the question: How is it so? Why does my colleague from Tula receive more than I do in Siberia? But it is very simple: your colleague works more productively than you do, that is the whole secret. If you work the same way, you will receive more than he does--you still have a regional coefficient! If a brigade accepts a contract and works better than the others, its higher wages are justified. Such a differentiation in pay is conducive to the increase of productivity and in a number of instances should increase it, there is nothing to be ashamed of here. The worst thing that exists is leveling. It destroys initiative and stifles productivity.

It is very important now, when the time has come to fulfill the decisions of the 26th party congress, for every enterprise, every organization to be permeated with the ideas of the social program which was drawn up by the congress. With respect to many important factors its implementation is in the hands of the enterprises themselves. The conditions and nature of labor, the daily life of the workers, public dining, children's institutions, the style of management and the climate in the collective--all this is first of all worked out by the enterprise itself.

The idea of local initiative and of economic research was repeatedly emphasized at the 26th congress. In the Accountability Report of the Central Committee it was

stated: "...local initiative is of enormous importance. Perhaps in no other sphere of the national economy do local potentials, local reserves play such a role as in meeting everyday consumer demands and in serving the population."

Practical experience has shown that local initiative, the readiness for a bold search and economic and social experiments, the appropriate training and orientation of personnel make it possible to find many new, nontrivial and very effective solutions.

Much work lies ahead. During the 1970's we began the turn of our entire economy in the direction of intensive development, the increase of efficiency and quality, emphasis on the end results of economic activity. During the 1980's we are obliged to continue and complete this most important matter, which is the heart of the economic strategy of the party.

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CONSUMER GOODS PRODUCTION AND DISTRIBUTION

PROPOSALS TO IMPROVE QUALITY OF LIGHT INDUSTRY PRODUCTS VIEWED

Moscow FINANSY SSSR in Russian No 4, Apr 81 pp 45-49

[Article by L. K. Chemeritskiy, chief of the Section for the Financing of Light Industry under the USSR Ministry of Finances, V. S. Yankevich, Candidate of Economic Sciences, and G. A. Yankevich, Senior Economist: "Analysis of the Assortment and Quality of Commodities--An Important Reserve in Improving Financial Results"]

[Text] The light industry workers are endeavoring to more fully satisfy the demand of the Soviet people for consumer goods. Production methods are being continually improved and new articles developed. In 1979, more than 37 percent of the assortment was renewed. There has been a significant increase in the output of goods with an increased demand, for example, rugs and carpets by 15.6 percent, overcoats, capes and jackets from blended textiles by 14.3 percent, denim suits by 11.2 percent and cotton dresses, sundresses and dressing gowns by 10.3 percent. There has also been an increase in the output of children's wear.

The increase in production, the broadening of the assortment and the improvement in the quality of the produced goods depend largely upon to what degree their assortment and quality conform to consumer demand. Regardless of the great work in renewing the assortment and improving the quality of the goods, the demand of the Soviet people is not fully satisfied. Articles which have been awarded the state Quality Mark are just 7.1 percent while new, improved articles with an incentive surpayment are 4.4 percent of the total volume of goods produced in light industry. The output of products with the Quality Mark is also insufficient in the RSFSR Mintekstil'prom [Ministry of Textile Industry] (Table 1) [see next page].

Many commodities still have severe production flaws, they do not meet the requirements of fashion and are not in demand among the population. Their output leads to unproductive expenditures of material, labor and financial resources. Each year the state spends more than a billion rubles on storing, reworking, writing down and selling such goods. The increase in the output of new, high quality articles will provide an opportunity to more fully satisfy the purchasing demand of the public, to eliminate the above-standard inventories of finished articles at warehouses, to increase the sales volume and accelerate the turnover rate of working assets.

The production of goods which do not meet the needs of the purchasers significantly worsens the financial results of the manufacturing enterprises. For example, in 1977, the Leninsk-Kuznetskiy Worsted Fabric Combine produced 430,000 m of fabrics

Table 1

Output of Superior Quality Products at the RSFSR Mintekstil'prom
(on the basis of report data for appropriate periods)

(at year's start)

	1975	1976	1977	1978	1979
Output of product with Quality Mark, in % of total output	0.8	1.2	2.5	2.5	3.6
Output of product with "N" [surcharge] index, in % of total output	1.6	1.5	1.7	2.6	3.9
Output of product of Grade I, in % of total output:					
Cotton textiles	91.7	91.6	91.9	91.9	91.8
Silk textiles	68.5	67.5	68.3	68.3	69.0
Linen articles	94.8	94.5	95.1	94.6	95.0
Woolen textiles	86.1	84.9	85.1	84.9	84.6

without orders from the trade organizations, and as a result unsalable textiles valued at more than 3 million rubles piled up at the combine and this slowed down the turnover rate of assets by a corresponding amount. Because of poor quality, faded colors and uninteresting designs adult clothing remained unsold at the Glukhov Cotton Cloth Combine, the Orekhov Cotton Cloth Combine, the Serpukhov Worsted Mill and the Tyumen', Arzhenskiy and Morshansk combines.

In selective inspections, the bodies of the RSFSR Mintorg [Ministry of Trade] in 1977 reduced the grade and rejected 10 percent of the textiles and for this reason the fines paid by the Mintekstil'prom reached 1 million rubles. In 1977, the enterprises of USSR light industry failed to receive around 400 million rubles in profit due to above-planned losses from rejects, the writing down of goods, the reduction in grade and the paying of penalties for unsatisfactory quality, violation of the established assortment and incomplete delivery of goods.

Year after year the demands on the quality of products from the light and textile industries rise while the demands made upon the quality of raw materials remain on the same level as many years ago. Sometimes with the knowledge and agreement of the USSR Gosstandart [State Committee for Standardization], these are reduced. Thus the State Standard for cotton fiber virtually does not set any limit for its dirtiness and this has a negative effect on equipment productivity, the labor of the textile workers and the quality of the articles.

At the same time, in the textile industry the production volume and product costs depend largely upon the quality of raw materials. For this reason, particular significance is assumed by the questions of encouraging an improvement in the quality of their basic types. A significant portion of the raw materials has a high level of foreign impurities. The cotton fiber is 10-12 percent impurities and the wool-washing enterprises receive wool which contains a large amount of bur. In 1975, the wool industry enterprises spent 18 million rubles above the plan on the additional

washing of the received wool, and as a result of this in 1976, costs were increased by 37 million rubles. The situation did not improve in 1977-1979. This has increased the cost of incomplete production and the carryovers of finished products. The operation of the textile associations and enterprises are also negatively influenced by incomplete supply of raw products and basic materials.

For example, the analysis made on the cotton stocks at the Ozerskiy Rabochiy Cotton Cloth Combine has shown that on 1 January 1978, there were the following amounts of cotton: 2,854 tons of grade I (an 80-day supply), 166 tons of grade II (a 13-day supply), 144 tons of grade III (a 48-day supply), while the supplies of cotton grades V-VI exceeded its 350-day consumption. This is the result of the incomplete supply of the various grades of cotton to the combine.

A number of enterprises and associations change suppliers almost quarterly. Thus, the Reutov Cotton Cloth Mill in 1977 received cotton fiber from 97 suppliers, including 52 new ones. In the first quarter, 29.3 percent of the suppliers were changed, in the second 31.3 percent, in the third 33.4 percent and in the fourth 36.1 percent. There is just one way out of such a situation and that is to strictly assign the suppliers of raw products and basic materials to each manufacturing enterprise.

The rhythmical operation of the enterprises is one of the conditions for improving the quality of the produced product and eliminating its above-norm supplies. Rush work at the end of a report period and the desire to fulfill the plan in terms of gross product output frequently lead to a disruption in production, to a reduction in quality and frequently to rejected products. For the consumers this causes a rise in complaints against product quality produced at the end of a year.

The unrhythmical operation of enterprises does not tell on the amount of deductions into the incentive funds. For example, we cannot consider as correct the procedure of deducting money into the funds according to a running total from the start of the year, as this makes it possible for the enterprise not to fulfill its obligations for delivering commodities during the first three quarters and then fully make deductions into the funds in making up the shortages at the end of the year. This is particularly incorrect for the light industry sectors which produce articles which are in seasonal demand.

We must give up this practice and this will make it possible to evenly load the equipment during the month, quarter and year, to eliminate rush work, to pay bonuses to the employees for fulfilling the product output plan considering their rhythmical work during the report period.

An important indicator which characterizes the quality of the goods produced in light industry is their grade. A rise in product grade improves the economic results of the production associations (enterprises) and for this reason many of them have made provision to encourage the workers for fulfilling and overfulfilling the grade plans.

At the same time, shifts in assortment also influence the grade of finished textiles. For example, for the enterprises of Lenkhlopprom [Leningrad Cotton Industry Association], a quota for producing cotton textiles of grade I in 1979 was set at 91.6 percent and for staple textiles 90.3 percent. This did not consider a change

in the assortment. In 1979, in comparison with 1978, the output of poplin was increased by 2,225,000 linear meters while its grade was 7.6 percent below the mill average and as a result the grade losses reached 174,000 linear meters.

Analysis shows the need to improve the work of the technical inspection departments [OTK] at the enterprises during the year and to more fully disclose articles of reduced grade and rejects. At a number of enterprises and associations of the RSFSR Mintekstil'prom, there is still a high proportional amount of fines for overstating the grade. Over the last 3 years at the Glukhov Cotton Cloth Combine this has varied from 7 to 8 percent of the total amount of the fines paid. In a majority of instances the OTK workers consciously overstated the product grade. It is essential to raise the material responsibility of the quality controllers. For this it is advisable to work out a detailed regulation governing bonuses paid to inspectors. Such a regulation is found at the Istominskiy Spinning and Weaving Mill. One of the points of the regulation provides that bonuses are paid considering the setting of the correct grade. However over the last 3 years, the OTK workers were never deprived of bonuses although during this time around 10 percent of the textiles delivered by the mill were changed from grade I to grade II. The regulation must be observed not merely on paper.

In our view, the chiefs of the OTK and the foremen must receive bonuses considering a special standard for possible fines for the incorrectly set grade. This standard is determined as the ratio of the total fines to the sales volume on the basis of the average statistical data for a number of years. Bonuses must be paid considering the actual deviations to either side of the standard.

The unrhythmical output of products and its delivery to the marketing section at the end of the third 10-day period impedes the sale of the entire lot as a whole (including the products corresponding to the State Standards) and this leads to the formation of above-standard inventories and, consequently, to a slowdown in the turnover rate of the products.

As was already pointed out, many associations in the textile sector upset the rhythm of the product output. The surveys conducted by us have shown that a larger portion of the product is produced in the last 10-day period. This is also affirmed by the summary data of the Administration of State Income under the USSR Ministry of Finances, according to which during the last 4 days of November 1975, over 20 percent of all the cotton and woolen textiles were produced as well as knitted underwear and 19.8 percent of the silk textiles. The production rhythm was also disrupted in certain associations of the sector in 1976-1978. For example, the Ozerskiy Rabochiy Cotton Cloth Combine for a number of years has operated unrhythmically.

Such a situation leads to the stockpiling of significant above-standard uncredited inventories at the end of the month. Thus, on 1 January 1978, as a whole for the RSFSR Mintekstil'prom they were 6.2 percent of the norm, including 7.6 percent for the balance sheets of the associations. The greatest above-norm stocks were found at the following enterprises: Sibtrikotazhprom [Siberian Knitwear Industry] with 26.6 percent of the norm, Rosl'nopen'kovolokna [RSFSR Flax and Hemp Fiber] with 17.4 percent, Ivpromtekhnokan' [Ivanovo Industrial Fabric] with 10.8, Ivkhlopprom [Ivanovo Cotton Industry] with 10.9 percent, Rospromshelk [RSFSR Silk Industry] with 8.6 percent, and Rostrikotazhprom [RSFSR Knitwear Industry] with 10.6 percent. Here

the highest proportional amount in the above-norm stocks was due to the carryovers of finished products (around 40 percent).

Unrhythmical operations not only lead to the stockpiling of above-norm inventories at the enterprises themselves but also cause interruptions in product deliveries to other enterprises and trade organizations. This speaks negatively of their economic activities. Thus, the Ivanovo Textile Finishing Mill in 1977 did not complete the product assortment for all groups due to the disruption of delivery times and also because of the incomplete delivery of unfinished textiles of the required assortment. Certain materials were delivered to the enterprise irregularly over the quarters while materials piled up at the warehouses. For example, instead of the required 7 tons of gold-yellow ostazin in 1977, it received 5,250 kg, including 400 kg in March, 1,000 in April and 3,850 in the fourth quarter. Since the basic portion of the ostazin was received toward the end of the year, the mill could not use it.

In the aim of preventing these shortcomings, the instructions of the Board of the USSR Gosbank of 29 May 1975, No 1, provide that there will be a differentiated approach for crediting proceeding from the degree of carrying out the production plans approved for the associations for the output of product in physical units for the basic range and for quality, as well as the quotas and obligations for product deliveries in the proper range and assortment in accord with the concluded contracts.

In 1977, the Odessa Linoleum Plant refused to pay the bill of the Kamyshin Cotton Cloth Combine for the early dispatch of product. In addition, for the delivery of poor quality products the combine was fined 190,000 rubles, and in the first half of 1978, 180,000 rubles. Thus, the enterprises pay rather significant amounts for violating contractual conditions (delivery dates, poor quality product and so forth). However, as practice has shown, these measures are not sufficient. For this reason, as of 1 January 1978, a new procedure was introduced to pay bonuses to leading workers of the light industry production associations and enterprises. Bonuses were now to be paid for the basic results of economic activities depending upon the carrying out of contractual obligations for deliveries. Thus, the maximum percent of incomplete product delivery in 1978 whereby the leading workers would be deprived completely of bonuses for such sectors of the light industry as garment, leather furnishings and bast-felt, varied from 15 to 10 percent, and for the footwear sector from 15 to 12 percent. In 1979, there were even more rigid maximum percentages for the underfulfillment of the plan (for a number of light industry sectors from 10 to 11 percent).

But regardless of this a number of associations still violated their contractual obligations. In 1979, at the Ivanovo Garment Association there was a sharp rise in the total fines with the payment of 1,055,000 rubles, including 1,006,000 rubles paid by the association to the trade organizations for the violation of contractual obligations. The fines paid for violating the conditions of economic contracts in certain Union republics reached 20-30 percent of the profit from the sale of industrial product, including 35 percent for the Kirghiz Minlegprom [Ministry of Light Industry], 32 percent for the Georgian, 25 percent for the Uzbek and 20 percent for the Kazakh.

In recent years there has been an increase in unproductive losses related to the unsatisfactory fulfillment of economic contractual conditions by the light industry

enterprises as well as losses from rejected products. In 1979, in comparison with 1975, the volume of deliveries of light industry articles rose by 14 percent while the penalties paid by the enterprises of the sector for violating the economic contractual conditions rose by 30 percent. Considering this, in 1980 new rigid maximum percentages for the nonfulfillment of the delivery plan (8 percent) as well as a reduction in the bonuses paid to leading workers (from 2 to 65 percent) were worked out for the sectors.

It is advisable, in our view to include in the reporting of the enterprises and associations a rhythmic indicator which would be calculated as the ratio of the average daily dispatch over the last 5 days to the average daily for the month for the purpose of strengthening control over the regularity of deliveries as well as provide in the balance information an indicator for "balances of finished products which have no market." The questions of the prompt sales of the products should be the concern not only of the marketing sections but also all the enterprise subdivisions, including the basic shops. The production plans must be worked out considering contractual obligations for the dates of product dispatch and the delivery of products to the marketing section at the end of the third 10-day period must be strictly limited when it is virtually impossible not only to sell but even dispatch these products to the consumers.

Moreover, the rise in unproductive losses related to the nonfulfillment by light industry enterprises of obligations related to the deliveries of goods the quality and assortment of which corresponded to the needs of the purchasers has been caused by the slow reorganization of production to turn out fashionable goods. The planning system must be improved to encourage a rise in product quality and a replacement of the assortment. The regulation governing the formation of the material incentive fund and the fund for sociocultural measures for 1976-1980 envisages as one of the fund-forming indicators the proportional amount of superior quality product as well as a decline in the amount of the incentive fund with the nonfulfillment of the product delivery plans.

In the Tenth Five-Year Plan, the most important indicator for calculating the economic incentive funds in light industry was the fulfillment of the quota for increasing the proportional amount of superior quality products. With a deviation from the quota of the five-year plan by 1 point, the deductions into the material incentive funds were either increased or reduced by 2.5 percent of the total of the 1975 funds. Thus an effective incentive was created to improve the quality of the produced goods. However, the material incentive fund considering the given criteria is not formed at all the enterprises of the textile industry. At the enterprises which do not observe this rule, the proportional amount of high quality commodities in the total production volume is significantly lower than at enterprises where the amount of the fund depends upon the fulfillment of the quotas for producing superior quality goods. It is essential to make wider use of the grade indicator as a fund-forming one primarily at those enterprises where product quality must be raised.

An improvement in the forms and methods of paying bonuses for better quality does not reduce the significance of bonuses paid for the fulfillment of the production plans, the output standards and other indicators. We must achieve a rational combination of the quantitative parameters with an improvement in the quality. It is advisable to pay bonuses to workers for the fulfillment of the production plan considering the committed production violations and rejected products.

In our view, the experience of the Zaporozh'ye Motorostroitel' [Engine Builder] Production Association merits attention and should be widespread at the textile enterprises. Specialists who have been given the right to work with a personal seal and for 3 months have their products pass inspection on the first presentation are paid an additional remuneration of 5 percent of the wage rate. If there are no quality complaints for 6 months, an additional one-shot bonus is paid totaling 20 percent of the bonus received for this half of the year, and if there are no complaints for a year and more, the worker receives an additional 30 percent of the bonus for the last half year. As a result, 97.4 percent of the product in the association passes on first presentation.

At a number of mills of the RSFSR Mintekstil'prom they practice reciprocal claims for the violating of contractual obligations. Such a practice does not make it possible to objectively analyze the state of affairs at the enterprise. We do not reject the very principle of offsetting reciprocal demands but the offsetting should be carried out in fully paying for the presented complaint accounts.

The instances of using rejected raw materials in production are unacceptable. Thus, at the bleaching and dying mill of the Glukhov Cotton Cloth Combine, only a portion of the rejected fabric is turned into rag. The mill virtually returns no rejected raw materials to suppliers (in a number of instances this is caused by a lack of transport), although this is provided for in the regulation governing product deliveries. Such a state of affairs, along with the incomplete presentation of complaints against the quality of the unfinished fabrics, does not make it possible to provide penalties for poor quality product output.

The mills which are part of associations and combines carry out all the production processes starting with the processing of the initial raw material and ending with the production of finished textiles. This presupposes a high proportional amount of deliveries. The quality of the end product to a significant degree is determined by the quality of the initial raw material. The mills of a combine which sell the end product at retail prices are under more difficult conditions in comparison with its other mills. The overall total of fines rises by the difference between the wholesale and retail prices. In our opinion, it is essential to determine the share of fines which does not depend upon the operations of the mills but rather arises as a result of the difference between the wholesale and retail prices and distribute this between all the mills of the combine proportionally to the degree of their blame. The central complaint bureau of the combine should be concerned with this work.

A solution to the question of encouraging the output of textiles and knitwear with the state Quality Mark has been long in coming. Since there are no surcharges on the wholesale price for superior quality goods, their production causes losses for the enterprises. The new improved-quality products and their sale are advantageous for the producer enterprise since according to the existing system the products with the "N" index are valued significantly higher as a price surpayment is given for quality. This increases the receipts from sales and correspondingly accelerates the turnover rate of working capital. However, no price surcharge is provided for the awarding of the Quality Mark to already developed products.

In 1974, decisions were adopted aimed at improving the planning and encouraging of production for light industry products. The ministries, associations and enterprises

were given an opportunity to effectively reorganize production in accord with the requirements of the consumers and the period of action of the temporary surcharges on the permanent price for improved quality products and assortment (with the "N" index) was extended up to 2 years. At the same time, because of the growth of product output with the state Quality Mark and the significant replacement of the assortment as well as the change in it upon the request of the trade organizations, the light industry enterprises year after year have suffered high losses in profits. In 1976, these losses were 43 million rubles, 62 million in 1977 and 60 million rubles in 1978. These losses are partially compensated for by the surcharge on the temporary price for articles with the "N" index and by money from the centralized fund for the development of new products.

In 1978, the USSR Minlegprom allocated the RSFSR Minlegprom 12.1 million rubles from the central fund for developing the output of new products and 2 million rubles in the first quarter of 1979. Thus, in 1978, only one-fifth of the losses related to the change in assortment and the output of new products was compensated for. For this reason it is essential to work out a better system of encouraging the enterprises and associations to produce higher quality products.

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CONSUMER GOODS PRODUCTION AND DISTRIBUTION

SUGAR REFINERIES PREPARE FOR NEW PRODUCTION SEASON

Moscow SAKHARNAYA PROMYSHLENNOST' in Russian No 6, Jun 81 pp 2-6

[Article by M. D. Svirgun: "Prepare the Sugar Refineries Well for the New Production Season"]

[Text] The Soviet people, inspired by the decisions of the 26th CPSU Congress and the principles and tasks advanced by General Secretary of the CPSU Central Committee Comrade L. I. Brezhnev in the Accountability Report of the CPSU Central Committee, are implementing with great enthusiasm the grand program of USSR economic and social development which has been outlined for 1981-1985 and the period to 1990.

The main task of the 11th Five-Year Plan consists in the assurance of the further increase of the well-being of the Soviet people on the basis of the steady, progressive development of the national economy, the acceleration of scientific and technical progress and the changeover of the economy to the intensive path of development, the more efficient use of the production potential of the country, the utmost economy of all types of resources and the improvement of work quality.

The decisions of the 26th CPSU Congress call for the more complete satisfaction of the demands of the population for high quality and diverse foodstuffs, industrial goods, cultural, personal and household items and services.

An important role in keeping the population supplied with foodstuffs belongs to the food industry, including a leading sector of it—the sugar industry.

The sugar industry workers, having joined in the socialist competition, since the first days of work in 1981 have laid a firm foundation for assuring the fulfillment and exceeding of the plan assignments on sugar production. During the first quarter of 1981 the plan of production of granulated sugar from beets was fulfilled by 103 percent, from unrefined sugar—103 percent, 31,300 tons of granulated sugar were produced in excess of the plan.

Great and responsible tasks face the workers of the plants, associations and administrations of the sugar industry in the organization of operations on the obtaining of a large harvest of sugar beets in the raw material zones of the industry, the timely and high quality preparation of the beet receiving centers and enterprises for the receiving, storage and processing of the beets of the new harvest.

The workers of the sugar refineries jointly with the workers of agriculture should ensure the daily monitoring of the condition of the beet fields and the timely implementation by beet-growing farms of agrotechnical measures on the care of the plantings of sugar beets. They should give the utmost assistance to kolkhozes and sovkhozes in obtaining a large crop and a good technological quality of sugar beets.

During the repair period it is necessary to implement measures on the elimination of bottlenecks in the operation of each sugar refinery and beet receiving center, to store the purchased sugar beets without losses and to process them with the maximum yield of sugar.

All the permanent and temporary beet receiving centers and operating sugar refineries should be readied in time and with a high quality for the new 1981/82 production season. It is necessary to install 24 continuous diffusers, 277 filters of different designs, 245 evaporators and vacuum pans, 442 automated centrifuges, 7 lime gas ovens, 19 boilers, 13 steam turbines and other advanced equipment.

At the beet receiving centers it is envisaged to construct 1.5 million m² of yards with a hard surface and forced ventilation, to install 216 truck scales with a greater capacity, 89 lines for taking and analyzing samples of beets for contamination and sugar content, 2,080 ventilators and others.

At the beginning of this year all the sugar refineries elaborated specific measures which are aimed at the improvement of the storage and the reduction of losses of sugar beets, the decrease of the losses of sugar in production, and the increase of the yield and output of sugar from the beets of the 1981 harvest.

The indicated measures were reviewed in the Main Administration of the Sugar Industry of the USSR Ministry of the Food Industry and assignments on the retooling of sugar refineries and their preparation for the new production season were approved.

The workers of the refineries and associations are obliged to ensure the unconditional fulfillment of these assignments on the set dates.

In 1981 the national economic plan calls for the production of 12.4 million tons of granulated sugar, including 9.05 million tons from sugar beets.

To ensure the fulfillment of the plan it is necessary during the second half of 1981 to process 79.5 million tons of sugar beets and to produce from them 8.76 million tons of granulated sugar. These are strenuous, but quite practicable assignments.

The production capacities of the sugar refineries of the country make it possible to process the indicated amount of sugar beets during the second half of this year on the average in 110 days with high technical and economic indicators. For this the sugar refineries should begin the processing of beets on the average for the country on 5-6 September, while the refineries of the RSFSR, the Ukrainian SSR and the Moldavian SSR should begin no later than 1-2 September.

The executives of all the levels of management of the sugar industry should devote particular attention to the timely start-up of the sugar refineries. For this they should perform jointly with local soviet and agricultural organs explanatory work

among the workers of kolkhozes and sovkhoses on the national economic importance of the timely start of the harvesting, delivery and processing of sugar beets.

The analysis of the work of sugar refineries shows that the country is failing to receive a large amount of sugar as a result of the late start-up of sugar refineries and their inactivity due to the ill-supply of raw materials mainly owing to the untimely delivery of beets from the fields.

Thus, in 1980 according to the estimates of the USSR Ministry of the Food Industry it was necessary to start up the sugar refineries on the average on 6 September; they actually began the processing of beets on 16 September.

Many years of experience show that the increase of the weight of the beets and the sugar in them during the first half of September, as a rule, does not offset the losses of beets and sugar in case of their delayed harvest and delivery, the extension of the storage period of the raw materials and their processing in January-February of the following year.

In the Accountability Report of the CPSU Central Committee to the 26th Congress of the Communist Party of the Soviet Union General Secretary of the CPSU Central Committee Comrade L. I. Brezhnev noted: "Not all ministries and enterprises have fulfilled their plans. Bottlenecks and disproportions still exist in the national economy.

"The reasons here are various. Among them are the effect of objective circumstances which do not depend on our will, omissions in planning and management, the inadequate demandingness of a number of party organs and economic managers, violations of discipline, displays of mismanagement. But, perhaps, the most important reason is that the force of inertia, traditions and habits, which formed during the period when not so much the qualitative as the quantitative aspect of the matter came to the forefront, have not yet been completely overcome."

The indicated remarks of Comrade L. I. Brezhnev fully apply to agriculture, in the area of sugar beet production, and to the work of the sugar industry.

This is clearly evident from the following example: the kolkhozes and sovkhoses of Poltavskaya Oblast in 1980 began the harvesting of the beets at the end of August, carried it out in an organized manner and completed it, for the most part, before 1 November, while the beet-growing farms of Vinnitskaya Oblast began the harvesting of the beets 10-15 days later and in practice completed it only in January-February 1981, which led to considerable losses and the spoilage of the cultivated crop. In November-January frozen, very dirty beets with rotted tissues arrived at the sugar refineries of Vinnitskaya Oblast.

The results of the procurement of beets and the work of the sugar refineries of these oblasts are characterized by the data cited in the table.

The sugar refineries of Vinnitskaya Oblast, which processed the beets during the first 10 days of February 1981, had a yield of sugar on the average of 2.66 percent less, while the Brodetskiy, Gaysin and Pogrebishche refineries had an even lower yield.

<u>Indicators</u>	<u>Poltavskaya Oblast</u>	<u>Vinnitskaya Oblast</u>
Sugar beet planting area, thousands of hectares.	165.7	236
Purchased per hectare, quintals (beets in standard weight).	257	204
Total purchase of beets, thousands of tons	4204	5382
Including:		
substandard and frozen	142	1200
Sugar yield during season, percent of weight of beets.	11.80	10.69
Including:		
during second 10 days of September . . .	10.93	10.48
during first 10 days of January.	9.29	3.74
Output of sugar per hectare of plantings of beets, quintals	29.8	21.8

An extremely unsatisfactory situation with the harvesting and processing of beets also formed last year in Khmel'nitskaya, Ternopol'skaya and L'vovskaya Oblasts.

The initiative of the beet growers and sugar industry workers of Yampol'skiy Rayon of Vinnitskaya Oblast (who in 1978 and 1979 obtained 50 quintals of refined sugar and in 1980, given the adverse weather conditions, 45.8 quintals of refined sugar per hectare of beet field), which was approved by the CPSU Central Committee and Comrade L. I. Brezhnev personally, has still not been properly disseminated in a number of beet-growing rayons and oblasts of the country.

The ministries of the food industry of the beet-growing republics, the associations and enterprises of the beet industry should take all the necessary steps not to commit in the future the mistakes of past years in matters of the organization of the harvesting, transportation, storage and processing of sugar beets and to ensure the dissemination everywhere of the know-how of the Yampol'skiy Rayon workers and other leading beet-growing farms and sugar refineries, which have achieved high end results in sugar beet production.

At the 26th CPSU Congress Comrade L. I. Brezhnev indicated: "The improvement of the use of production capacities—machines, equipment, means of transportation—is affording great opportunities. The reduction of idle times, the increase of the shift coefficient, the development of flow charts which save power and materials—that is what efforts should be focused on."

In the sugar industry the improvement of the use of production capacities is of especially great importance, since the reduction of the losses of beets and sugar by decreasing the duration of production, the increase of the yield of sugar from the same amount of raw materials and the increase of the other technical and economic indicators of work depend on this.

It should be recalled that an increase of the use of the production capacities of the sugar refineries of the country by just 1 percent is equivalent to putting into operation three new sugar refineries of average capacity. However, at a number of sugar refineries proper attention is not being devoted to this most important indicator of the work, the enterprises are operating with a low utilization ratio of their own capacity. The managers of associations and administrations are putting

up with the poor operation of these enterprises and are not taking the necessary steps against those guilty for this harm.

During the second half of 1980 the Derebchinskiy and Alakul'skiy sugar refineries used only 60 percent of the available production capacities for the processing of beets, the Aleksandrenskiy Refinery--69 percent, the Spitak Refinery--70 percent, the Gruzinskiy Refinery--70 percent, the Mezenovskiy Refinery--71 percent, the Refinery imeni gazety PRAVDA--73 percent, the Gaysin Refinery--74 percent, the Krivetskiy, Kapsukas and Kalininskiy refineries--77 percent and the First Olymskiy Refinery--78 percent.

The shutdowns and idle times of plants due to the poor quality repair and unsatisfactory maintenance of equipment are one of the causes of the poor use of the capacity. During the second half of 1980 for this reason the sugar refineries of the country were idle for 261 plant-days, or 0.8 plant-day per refinery. Especially great idle times of refineries were allowed in the Moldavian SSR--22.3 plant-days, or 2.23 plant-days on the average per refinery of the republic.

The ministries of the food industry of the beet-growing republics should carefully study the causes of the low utilization of the production capacities for each sugar refinery and should take steps on the improvement of the quality of the performance of repairs of the refineries and on not allowing idle times of them during the production period due to breakdowns and poor maintenance of the equipment. It is necessary to increase the role and responsibility of the sectorial commissions for the acceptance of sugar refineries from repair. The commissions should make more intermediate checks of the progress of repair, objectively evaluate its quality and strictly demand from the workers of the enterprises the elimination of detected defects in the repair of equipment, machines and structures.

The schedules of current and capital repair should be immediately specified, the sequence of the performance of repair work subject to the availability of equipment and the dates of its arrival, spare parts and repair materials, as well as the available manpower resources should be established so that all the operations would be performed with a high quality and on the set dates.

The executives of the associations and enterprises of the sugar industry need to organize extensive socialist competition among repair brigades for the high quality and early performance of the repair of beet receiving centers and sugar refineries, to adopt everywhere in repair operations the experience of the leading collectives of the Meleuz and Tbilisi sugar refineries of the RSFSR Ministry of the Food Industry, the Second Sugar Refinery imeni Petrovskiy and the Salivonkovskiy Sugar Refinery of the Ukrainian SSR Ministry of the Food Industry and a number of other leading enterprises of the sector.

For the purposes of increasing the utilization ratio of the production capacity and improving the maintenance of equipment it is expedient to hold at associations or in the union republics during the repair period special seminars with the chief engineers, maintenance engineers and power engineers, as well as to train and instruct the operating personnel of the sugar refineries.

The accumulation of standard stocks of fuel, limestone, bags for packing the sugar and other production materials is also an important part of the preparation of sugar refineries for the new production season.

However, it should be noted that at a number of sugar refineries inadequate attention is being devoted to this matter. At the sugar refineries of the Voronezh Association the stocks of limestone for technological needs on 1 June 1981 came to only 26 days of work, at the plants of the Tambov Association--36 days, the Belgorod Association--42 days, the Kursk Association--51 days, the Lipetsk Association--39 days with the need to create a stock for this period of 60 days of work of the refineries.

The workers of the administrations, associations and enterprises of the sugar industry should set up constant control over the creation at sugar refineries of the necessary stocks of production materials for assuring their continuous operation during the season of the processing of the sugar beets of the 1981 harvest.

In the decisions of the 26th CPSU Congress it is indicated that in all sectors it is necessary to create the conditions for highly productive labor, to expedite complete mechanization and automation in every possible way, to improve rate setting and to enhance the stimulating role of wages. The matter must be organized in such a way that the increase of the output at operating enterprises would be achieved with a stable or even a smaller number of employed workers.

The implementation of these decisions of the congress is a priority task of the managers of the workers of associations and enterprises of the sugar industry. In recent years an acute shortage of manpower has been felt at sugar refineries.

Under these conditions the importance of discipline, the conscientious labor and personal responsibility of every worker of the sector for the fulfillment of the state plans and the socialist obligations are increasing greatly.

It is necessary, as is stated in the decree of the CPSU Central Committee, the USSR Council of Ministers, the AUCCTU and the Komsomol Central Committee, "On the All-Union Socialist Competition for the Successful Fulfillment and Exceeding of the Assignments of the 11th Five-Year Plan," to support and disseminate the initiative of the workers on the drafting of counterplans, the adoption of technically sound norms of labor, brigade cost accounting and personal accounts of thrift and quality and the performance of the amount of work with fewer personnel.

At present specific measures on the acceleration of the introduction of mechanization and automation in all the sections of basic and auxiliary production, the extensive adoption of the brigade form of the organization and stimulation of labor and the Shchekino initiative, which make it possible by the combining of occupations, the enlargement of the service areas and the increase of the level of production and labor discipline to reduce the number of workers and increase labor productivity, should be elaborated for every sugar refinery. It is necessary to devote more attention to the high quality drafting of comprehensive plans of the engineering support of production--as the basis of the introduction of technical progress, the increase of production efficiency and the improvement of work quality.

There is no doubt that the collective of many thousands of workers of the sugar industry will ready the enterprises for the new production season in good time and with a high quality and will ensure the fulfillment of the plan of beet purchases and the exceeding of the plan of sugar production in 1981--the first year of the 11th Five-Year Plan.

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HOUSING AND PERSONAL SERVICES

NATURE OF SERVICES AS ECONOMIC CATEGORY REVIEWED

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[Article by Docent and Candidate of Economic Sciences K. Zulpukarov (Frunze):
"Services as an Economic Category"]

[Text] The growing influence of the service sphere on the socioeconomic development of society has been a constant object of research by Soviet economists. This is seen from the numerous monographs and articles which analyze both the particular and the general methodological problems relating to the economy of the sectors of the service sphere.¹ The close attention to the questions of the socioeconomic content of services shows the pertinence of this problem which is closely related to the practices of socialist management, to the improvement of social relationships and a rise in the standard of living of the people. The Basic Directions in the Economic and Social Development of the USSR for 1981-1985 and for the Period Up to 1990 as adopted by the 26th Party Congress provide a rise in the level and an improvement in the structure of consumption, a better quality and a wider assortment of not only material goods but also services.²

The debate among Soviet economists on the interpretation of services as a socioeconomic category of socialism has been underway since the end of the 1920's. Even at that time, in line with the studying of the problem of productive and unproductive labor under capitalism and under socialism, to one degree or another the question of the socioeconomic content of the category of services was touched upon.³ Thus, S. G. Strumilin interpreted services as an object of income along with material goods and in this quality as a consumer good and the carrier of exchange value. Such a concept of services was based on the opinion that under socialism any labor (including the labor of the workers in the administration, army, police and social organizations) is productive and the income of any worker is primary income. This opinion, as a rule, did not take hold and what we consider the correct viewpoint was established. According to this the labor of the above-mentioned groups of workers, being socially useful and necessary, is still unproductive for it does not directly create either material or spiritual goods (services).

A. I. Petrov held a position distinct from that of S. G. Strumilin. He wrote: "Since services are directly used by a consumer, they obviously, regardless of whether they are embodied in a certain material form (a tailor and so forth) or not or their consumer value is inseparable from the personality of the producer (a physician and so forth), all are related to the category of unproductive labor."⁴

Correspondingly, A. I. Petrov interpreted the income of all workers in the service sphere as derived. In defending his viewpoint, this author proposed the possibility of a value assessment of services and their accounting for along with the material product.

R. Ye. Vaysberg advanced an analogous opinion but with a different line of reasoning. For him the basic argument was that labor in the sphere of material production is more important than the labor satisfying material needs.⁵

The first Soviet economist to define services was Art. Abolin. According to this definition, services are the useful effect or that consumer value which directly satisfies one or another human need. In contrast to material goods, in his opinion, services represent nonmaterial consumer values which are the products of productive labor having exchange value and value.⁶ The value of services are a certain quantity of abstract labor which receives a social expression in a monetary form. Even from what has been said it is clear that Art. Abolin did not succeed in fully solving the problem of describing the service category. Subsequently the debate on the delimitation of productive and unproductive labor and on the basis of the category of services at one minute abated and then revived.⁷

Regardless of the undoubted pertinence of the problem from the standpoint of both economic theory and national economic practice, there still is no unity in the interpretation in the concept of "services." Several definitions of services have become widespread. Some authors reduce everything to the fact that services are the result of a labor activity. In another definition services are the very activity and labor itself with the production of the service coinciding with the moment of its consumption.⁸ Sometimes the use of not merely the consumer value but rather the useful effect is understood as services.⁹ The utility of the latter is established by the concrete nature of the expended labor which creates a certain consumer value. Here it is a question not merely of the utility of a certain type of specific labor but rather the rise of certain forms of production relations in regard to its functioning.¹⁰

There can be no doubt as to the benefit from the work done in political economic science on elucidating the essence of services. But we still feel that an analysis of the heritage of K. Marx would make it possible to draw conclusions that do not agree with the ones given above.

Services are an object of consumption and being such should contain a definite utility or consumer value. Services as utility are a cluster or result of human labor. Services are paid for on the basis of equivalent exchange and consequently they can be the object of buying and selling. This basic methodological principle stems from the statements by K. Marx on the given problem found in the well-known sections of "Capital" and particularly in the "Theories of Surplus Value."

In examining a capitalist society, K. Marx wrote: "In those instances when money is directly exchanged for such labor that does not produce capital, that is, for unproductive labor, this labor is purchased as a service. This expression generally means nothing more than a particular consumer value which is provided by this labor (the labor providing the service.--K. Z.) just like any other commodity; but the particular consumer value of this labor here has gained the specific name of

'service' because labor renders services not as things but as activities..."¹¹ In the given statement the concept of "activity" obviously contains an indication that, in the first place, certain types of labor do not have a physical embodiment; secondly, certain types of services as consumer values are inseparable from their producer. In actual terms it is a question that a utility created by a certain type of labor is inseparable from the very process of its production. "The produced product," K. Marx went on to say, "is inseparable from the act in which it was produced, as occurs for all artists, speakers, actors, teachers, physicians, priests and so forth."¹²

In referring to the given tenet of K. Marx, a number of authors of contemporary works have emphasized the following particular features of services: the labor providing the service does not gain a material tangible embodiment; by a service one understands not the result of the labor but rather the process of labor; the production of the service coincides with its consumption. These aspects in our view, in reflecting definite traits of services, do not characterize its basic content. We feel that such an approach to the concept of services is based upon an inaccurate interpretation of the tenet of K. Marx that "...labor provides the services not as things but as activity..."¹³ The problem is that K. Marx in no way exhausted a description of services by this. He wrote, in particular, that there are "certain types of services, in other words: consumer values which represent the result of certain types of activities or labor are embodied in commodities while other services, on the contrary, do not have tangible results and exist separately from the providers of these services; in other words, their result is not a commodity suitable for sale."¹⁴ K. Marx went on to write that in nonmaterial production there are created "...those goods and those consumer values which possess an independent form distinct both in relation to the producer and in relation to the consumer. These, consequently, are capable of preserving their existence in the interval of time between production and consumption and probably during this time can be in circulation as goods suitable for sale; for example, these would be books, pictures and generally all works of art which exist separately from the artistic activities of the artist creating them."¹⁵

With a careful study of the given statement and other views of K. Marx relating to the question of the essence of services, we are convinced it is possible to establish that he uses a concept of "activity" predominantly when he wishes to isolate a group of services in the creation of which the utility produced by them is inseparable from the very process of their creation. With the halting of the activities which provide these services, they themselves disappear. For example, the services of a physician or, let us say, a stage actor are consumed precisely at the moment they are rendered. The results of such labor as a sensorily perceived utility remain as a consumer value but do not assume a material form.

However, in analyzing the concept of "services," K. Marx also used the terms "produced product," "consumer value" and "value," "potentially produced commodity," "useful effect" and "utility" which in all instances are perceived as expressing a really existing result of labor.¹⁶ For example, the labor expended in the making and mending of clothing and footwear or in repairing and manufacturing cultural and domestic articles or household appliances is embodied in the specific value of the thing or in the useful effect (the repair of clothing and so forth).

The impreciseness of interpreting services as useful activity is due to the fact that the services which satisfy the material and domestic needs of the public are produced with the use of production processes which in essence do not differ from those adopted in the corresponding sectors of the light and food industries. Here the workers which provide such services, in creating new consumer values and values by their activities, satisfy the specific needs of society and its individual members. On this question, K. Marx wrote: "...in this instance the seamstress who I invite to the house to make a shirt or the workers who repair furniture or a servant who washes, picks up the house and so forth or a cook who gives the meat and so forth a suitable form for consumption fix their labor in one or another material thing and actually increase the value of these things in precisely the same manner as a seamstress who works at a mill or a mechanic who repairs a machine, or the workers who clean the machine, or the cook who works in a restaurant as the hired worker of a capitalist. The consumer values produced by them are potentially also goods: the shirts can be packed in a bag, the house can be sold, the furniture can be put under the hammer and so forth. Thus, the listed persons potentially also produced goods and added value to the articles of their labor."¹⁷

From the given and analogous statements by K. Marx, it can be concluded that the labor acting in the form of a material service is embodied in the article and thereby increases its value. For this reason the assertion that in producing services no new value arises but merely utility is created in the form of a consumer value is just as wrong as the assertion that services are the useful activity or a process of labor. "A process of labor," K. Marx wrote, "...in its simple and abstract aspects is purposeful activity for the creation of consumer values...."¹⁸ Consequently, it can be said that the labor which creates a service is characterized from the viewpoint of the simple process of labor by the same aspects as the labor which creates various consumer values, although in the process of producing the services these aspects can be manifested somewhat differently than in the sphere of the direct production of material goods. The particular features of labor in the production of services consist in the fact that the labor is embodied in the useful effects and can be reunited either with a person or with his material effects. The specific form of the embodiment of a service is determined proceeding from the object of applying the labor which renders the service.

If one turns to the decisive features in the producing of services, one can isolate the following particular features which are common to all services regardless of their type and basic aspects. These are: a) the service is produced with the participation (directly or indirectly) of the producer himself and solely for a definite, actually existing consumer of the given utility; b) the object of the application of the labor producing the service is either the producer himself or the consumer values belonging to him. These particular features extend to all types of services.

In their economic nature, services are a definite social relationship which arises on the basis of the useful action of labor consumed not as activity but rather as a useful effect and the appropriation of its results by a certain individual, group or collective.

Our understanding of services as an economic category comes down to the following basic aspects:

*Services are the useful action of consumer value, but not any useful action rather only that which is aimed at satisfying definite, concretely determined needs of an actually existing consumer. The labor rendering the services is embodied in a definite consumer value and consequently, services can be viewed as the economic relationship of people in the area of the consumption of the useful action of labor which satisfies the need of a specific, actually existing consumer, while the result of it is the useful effects regardless of the nature of the needs to be satisfied (physical or spiritual) and the forms of their satisfaction (individual, group or collective) and also regardless of the nature and form of embodying the given utility (material or nonmaterial) in the material effects of the consumer or in man himself.*¹⁹

The growth of the production and consumption of services under the conditions of socialism is an objective necessity expressing the demands of its basic economic law and determined primarily by its action. F. Engels in "anti-Duhring" wrote that socialism makes it possible "...to provide all members of society through social production not only with completely sufficient and constantly improving material conditions of existence but also the complete free development and use of their physical and spiritual capabilities. This opportunity has now been achieved for the first time but at present it has actually been achieved."²⁰ Hence it is obvious that the goal of socialist production does not come down merely to the production of material and physical goods, it is significantly broader and also presupposes the creation of conditions to ensure full prosperity and the free, all-round development of all members in society. Yet the conditions for the all-round development of the individual and for the fuller satisfying of the spiritual needs of people are created in the process of the production and consumption of services. At the stage of developed socialism, the demand for services is developing at a higher rate than the other demands of man. This is determined primarily by social factors which contribute to the shaping of a well-rounded individual.

One of the important questions in the given problem is equivalent exchange and the buying and selling of services. K. Marx wrote: "...the total amount of consumer goods is always greater than what it would be in the absence of services suitable for consumption..., also greater is the value for it equals the value of the goods supporting these services and the value of the services themselves. Here, as in any exchange of a good for a good, the equivalent is given for an equivalent, and consequently the same value is present doubly: once on the side of the purchaser, and once on the side of the seller."²¹ The demands of equivalent exchange are fully extendable to the services which satisfy the material and domestic needs of people. But can these demands be applied to services which satisfy spiritual needs or to the services which protect the health of the public? K. Marx has the view that "for the producer of these services they are goods. They have a definite consumer value (imaginary or actual) and a definite exchange value. But for the purchaser these services are only consumer values, articles in the form of which he spends his income."²² In another place K. Marx pointed out that "the worker himself can purchase labor, that is, goods provided in the form of services and the expenditure of his wages for such services in no way differs from their expenditure on the purchasing of any other commodities. The services purchased by a worker can be more essential or less essential: for example, he can purchase the services of a physician or the services of a priest in exactly the same way that he can purchase bread or vodka."²³ Thus, in terms of capitalism this variety of service operates as the same object of buying and selling as everything that goes onto the capitalist market.

Under socialist conditions, the services of the workers in education, social welfare, public health, a certain portion of the workers in culture, art, physical culture and sports and certain other services are gratis for their specific consumer. But for society the providing of these services requires expenditures. The public consumption funds are the source for supporting the designated sectors and these funds are formed both from necessary and surplus product created by the workers in the sphere of material production. The socialization of production and the growing division of labor lead to a situation where the reproduction of the labor force is evermore being carried out with the aid of the consumption of services. This causes the redistribution of necessary product obtained by material production through its exchange for services. The workers in the service sphere, in providing sociocultural and medical services, receive back from society the equivalent corresponding to the expenditures of their labor.

FOOTNOTES

1. Among the monographs we would mention the following: E. M. Agabab'yan, "Ekonomicheskiy Analiz Sfery Uslug" [Economic Analysis of the Service Sphere], Moscow, 1968; E. M. Agabab'yan, "Proizvodstvo i Potrebleniye Uslug v Desyatoy Pyatiletki" [Production and Consumption of Services in the Tenth Five-Year Plan], Moscow, 1957; V. A. Medvedev, "Obshchestvennoye Vospriizvodstvo i Sfera Uslug" [Social Reproduction and the Service Sphere], Moscow, 1968; "Sfera Obsluzhivaniya pri Sotsializme" [The Service Sphere Under Socialism], Edited by Ye. I. Kapustin, Moscow, 1968; M. V. Solodkov, T. D. Polyakova and L. N. Ovsyannikov, "Teoreticheskiye Problemy Uslug i Nepriizvodstvennoy Sfery pri Sotsializme" [Theoretical Problems of Services and the Nonproduction Sphere Under Socialism], Moscow, 1972; V. A. Yakovlev, "Uslugi: Voprosy Teorii i Metodologii" [Services: Questions of Theory and Methodology], Krasnodar, 1973; D. I. Pravdin, "Nepriizvodstvennaya Sfera: Effektivnost' i Stimulirovaniye" [The Nonproduction Sphere: Effectiveness and Incentives], Moscow, 1973; D. I. Pravdin, "Razvitiye Nepriizvodstvennoy Sfery pri Sotsializme (Tempy, Proportsii, Perspektivy)" [The Nonproduction Sphere Under Socialism (Rates, Proportions and Prospects)], Moscow, 1976; G. K. Sagimbayev, "Nepriizvodstvennaya Sfera Narodnogo Khozyaystva Kazakhstana i Perspektivy Yeye Razvitiya" [The Nonproduction Sphere of the Kazakh National Economy and Its Development Prospects], Alma-Ata, 1975; V. M. Rutgayzer, "Resursy Razvitiya Nepriizvodstvennoy Sfery" [Resources in the Development of the Nonproduction Sphere], Moscow, 1976; V. M. Solodkov, "Nepriizvodstvennaya Sfera pri Sotsializme" [The Nonproduction Sphere Under Socialism], Moscow, 1978; A. I. Kocherga, "Sfera Obsluzhivaniya Naseleniya" [The Public Service Sphere], Moscow, 1979; A. Yu. Sharipov, "Sfera Uslug Sibirskogo Regiona (Politekonomicheskiy Analiz)" [The Service Sphere of the Siberian Region (Political Economic Analysis)], Novosibirsk, 1979; V. Ye. Komarov and V. D. Ulanovskaya, "Sotsial'no-Ekonomicheskaya Effektivnost' Sfery Uslug" [Socioeconomic Effectiveness of the Service Sphere], Moscow, 1980, and others.
2. See: PRAVDA, 5 March 1981, p. 2.
3. On this question we would point to such works as: S. G. Strumilin, "National Income in the USSR," PLANOVOYE KHOZYAYSTVO, No. 8, 1926; A. I. Petrov,

- "Theoretical Prerequisites for Calculating National Income," *PLANOVOYE KHOZYAYSTVO*, No 2, 1927; R. Ye. Vaysberg, "Social Product Under Capitalism and in the USSR," *PLANOVOYE KHOZYAYSTVO*, No 5, 1927; Art. Abolin, "For a Marxist Interpretation of the Categories of Productive and Nonproductive Labor," *PLANOVOYE KHOZYAYSTVO*, No 10, 1928; D. I. Rozenberg, "Productive Labor," *PROBLEMY EKONOMIKI*, No 12, 1929.
4. A. I. Petrov, "Theoretical Prerequisites for Calculating National Income," *PLANOVOYE KHOZYAYSTVO*, No 2, 1927, p 114.
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 6. See: Art. Abolin, "For a Marxist Interpretation of the Categories of Productive and Nonproductive Labor," *PLANOVOYE KHOZYAYSTVO*, No 10, 1928, p 143.
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CONSUMPTION TRENDS AND POLICIES

ROLE OF TRADE IN IMPROVING PEOPLE'S WELL-BEING

Moscow SOVETSKAYA TORGOVLYA in Russian No 6, Jun 81 pp 2-7

[Article by USSR Minister of Trade A. Struyev (Moscow): "For the Good of the Soviet People"]

[Text] A program requirement of the Communist Party is everything in the name of man, everything for the good of man. The 26th CPSU Congress outlined an extensive program of the further increase of the well-being of the people, which covers the most diverse aspects of the life of the Soviet people—consumption and housing, working and living conditions, culture and relaxation. In the implementation of these plans a conspicuous role belongs to the detachment of many millions of workers of Soviet trade.

In conformity with the Main Directions of USSR Economic and Social Development, which were approved by the congress, the task of improving the supply of the population with foodstuffs and industrial consumer goods has been put in the forefront. Planned work on the implementation of these long-term programs should be the basis of our activity on the development of the retail commodity turnover, the efforts of all the levels of management of the sector should be focused on it.

As is specified by the congress decisions, the retail commodity turnover during the 11th Five-Year Plan will increase by 22-25 percent. In order to provide such an increase of the volumes, we need to step up the organizing work in all the links of the management of trade, to increase its effectiveness by the improvement of planning and analytic work, while regularly checking the fulfillment, to reveal and eliminate the bottlenecks in good time. Great demandingness and exactingness and the strict observance of state discipline should be displayed in all this activity.

The improvement of the interrelations with industry should become one of the leading directions in the sector. During the new five-year plan the production of necessities, especially those which for the present are among scarce necessities, should be kept under special supervision. The assurance of the output of the necessary cultural, personal and household mass demand goods requires considerable attention. It is necessary to back the planned 1.4-fold increase of the production volumes by high demands on the assortment and quality of items.

At present the efforts of the trade apparatus should be concentrated on the improvement of the work with industry in the matter of increasing the volumes, enlarging the assortment and improving the quality of consumer goods. It is necessary to

establish everywhere effective monitoring of the fulfillment by industry of the plans of the production and deliveries of goods to the market. This pertains first of all to the enterprises of light industry, through whose fault during the 10th Five-Year Plan trade failed to receive a considerable amount of cotton, wool and silk fabrics and knit wear and leather shoes. During the five-year plan the enterprises of the RSFSR and Uzbekistan alone failed to deliver about 1 billion meters of the above-mentioned fabrics.

In no other sphere of the national economy, it was noted in the Accountability Report of General Secretary of the CPSU Central Committee Comrade L. I. Brezhnev to the 26th party congress, do local resources and potentials play such a role as in meeting the day to day demand and in serving the population. These potentials exist in all the union republics, but are still not being fully utilized. The organs of management of trade and the workers of wholesale bases and offices should take decisive steps to develop the production of goods from local sources of raw materials. A great deal has to be done in this direction in a number of oblasts of the RSFSR and the Ukrainian SSR.

The questions of increasing the volumes are closely connected with the questions of improving product quality, since their proper interrelation influences the supply of the population with goods. It is not only a matter of who produced low quality products, but also of who accepted them for sale. The great demandingness and adherence to principle, which are displayed by customers, should be the basis for the interrelations of trade with industry.

In the sphere of these interrelations the problem of increasing the quality of goods is acquiring particular importance. The lack of a reliable barrier to the ingress of low quality products into trade leads not only to direct losses of commodity resources, but also to the formation of above-standard stocks and the appearance of unsaleable and old goods. Above-standard stocks of goods of light industry and cultural and personal goods worth about 300 million rubles have piled up in the Uzbek, Azerbaijan and Georgian union republics. Checks show that locally produced items most often find no market in these regions, and this is a direct reproach of the executives of all the levels of management of trade in the republics, trade workers and state trade inspectorates. The ministries of trade of the union republics and the main administrations of the USSR Ministry of Trade jointly with industry should implement additional measures aimed at increasing the quality of the goods being produced, without allowing the piling up of unsaleable and old goods in trade.

Here the implementation of a set of measures on the enhancement of the role of the order of trade for the production of goods and on the achievement in it of the accurate estimation of the demand of the population is problem number one. We need to improve considerably all the diverse work connected with the determination of the demand for goods, since the errors and miscalculations now being made first lead to an increase of the above-standard stocks, then create or aggravate the shortage. Trade work should acquire an active and purposeful nature. Today it is necessary to increase substantially the level of the economic substantiation of orders, to lend this work a systematic, comprehensive nature, to involve in it all the interested organs of trade and to use scientifically sound methods more completely. It is necessary to take into account when determining the demand for specific goods the achieved degree of satisfaction and the prospects of the development of

the demand, as well as the real possibilities of production due to the additional commitment of resources to the turnover and the more complete utilization of production capacities.

Along with this the qualitative improvement of the annual wholesale trade fairs, which should serve as a mighty lever of influence of trade on the formulation of the plan assignments on the output of goods, the enlargement and updating of their assortment, should be ensured. It is not enough just to purchase the goods submitted by industry to the trade fair or to explain the reasons for which something was not purchased. It is necessary to find jointly with the manufacturing enterprises mutually acceptable solutions on the more complete meeting of the demand, to determine how best to reorganize production and to use efficiently raw materials, material resources and production capacities for the production of items which correspond to the demands of consumers.

All this work should be based on the strict observance of state planning discipline. Particular attention was directed to this in the report of Comrade L. I. Brezhnev at the 26th CPSU Congress. We cannot tolerate the fact that some ministries of trade of the union republics and the wholesale bases are violating state planning discipline and are not assuring the fulfillment of the plans of interrepublic deliveries.

Great tasks already face the sector in 1981.

The plan of the retail commodity turnover was approved in the amount of 277.3 billion rubles. Moreover, an additional assignment in the amount of 2.7 billion rubles has been set, with allowance for which the increase of the commodity turnover should be 11.4 billion rubles, or 4.2 percent. The ministries of trade of the union republics and the organs of management of trade locally are obliged to monitor constantly the course of the fulfillment of the plans of the retail commodity turnover, not to allow disruptions, to constantly perform organizing work with industry, to strive for the fulfillment of the set plans and obligations and to seek additional commodity resources.

Public dining plays a significant role in meeting the demands of the people. The leading development of this sector, the services of which are now used by about 110 million people, is called for during the new five-year plan. Particular attention should be devoted to the increase of the output of its own products and to the improvement of the standards of service of guests.

Public dining should be developed more rapidly in the Kazakh, Georgian, Uzbek, Azerbaijan and Tajik union republics, where it still lags behind the other republics.

An important area of work on the development of this sector is the improvement of workers' meals, the provision of hot meals to workers and employees, especially those employed during evening and night shifts. A significant improvement of the operation of school and student dining rooms is called for during the new five-year plan. We have many cities and oblasts, in which good results have been achieved in this matter; their experience should be studied and widely disseminated.

It is necessary to expand more rapidly the network of culinary stores, especially at production enterprises, to revise the outlined plans, especially in those

republics where they are clearly too low as compared with the preceding five-year plan, and to achieve a significant growth of the network.

The changeover to industrial methods of preparing food requires of the ministries of trade of the union republics much organizing work and steady attention to everything new and advanced. In this connection greater demands are being made on both personnel of the mass occupations, on whose occupational and moral level much in the quality of service depends, and the engineering, technical and administrative personnel, who should be thoroughly imbued with the spirit of the great demands which are now being made on managers.

The further development and strengthening of the material and technical base of trade remain one of its most important problems. Local organizing work made it possible during the years of the 10th Five-Year Plan to carry out considerable above-plan construction of trade facilities.

During the new five-year plan the capital being allocated should be channeled first of all into the rapid completion of started trade facilities, the renovation and re-equipment of operating enterprises and the construction of general merchandise warehouses. The problem of the use of the 5-percent deductions from the allocations earmarked for housing construction, especially in the union republics where this capital was not used effectively enough during the past five-year plan: the Turkmen, Moldavian, Tajik, Kazakh and Latvian SSR's, remains exceptionally important. The experience of the Armenian and Uzbek union republics, the ministries of trade of which achieved the complete utilization of this capital, should be used everywhere, starting this year.

The design organizations are called upon to play an important role in the improvement of the material and technical base of trade. The check of the state of affairs shows that in a number of republics the main types of enterprises as in the past are being designed by nonspecialized institutes, which has an adverse effect on the quality of the technical solutions of the designs, and then during the operation of trade enterprises.

During the 11th Five-Year Plan the best utilization of the technical potential which the sector has is acquiring enormous importance. During the 10th Five-Year Plan the pool of trade equipment increased by approximately 20 percent and came to about 8 million units. But in spite of the 1.3-fold increase of the deliveries of equipment, the demand for it is far from being completely met. In this connection the cases of the poor utilization of the available equipment, which are noted in a number of republics, are especially intolerable. The balances of uninstalled equipment considerably exceed the planned standards in the Belorussian, Moldavian and Estonian union republics.

It should be emphasized that both in trade and in public dining the process of introducing advanced technologies, which ensure the purposeful and therefore the more efficient use of modern equipment, still lags substantially. At the same time a number of assignments on the introduction of new equipment have not been fulfilled, in particular, by the ministries of trade of Azerbaijan, Armenia, Uzbekistan, Turkmenia and Tajikistan.

Under the conditions of the inadequate technical supply of enterprises of the sector particular attention should be devoted to questions of the organization of the

maintenance and repair of equipment and to the increase of the production capacities of specialized enterprises.

The ministries of trade of the union republics need to focus attention on the elaboration with industry of a number of comprehensive goal programs, which are aimed at increasing the level and quality of the technical supply of the sector, at mechanizing manual labor and increasing its productivity. The adoption of an advanced system of the movement of goods on the basis of the mass use of packaging equipment in the process of delivering and selling packed goods is of paramount importance in this. At present this program is being implemented first of all in those regions of the country, where the necessary conditions for its adoption have already been created. This important work is being performed jointly with the USSR Ministry of the Food Industry and the USSR Ministry of the Meat and Dairy Industry, and its end results will undoubtedly promote both the increase of the efficiency of labor in trade and the improvement of the service of the population.

The movement of innovators and rationalizers is called upon to promote the technical improvement of the sector. It is necessary everywhere to develop initiative and a creative approach, to increase its ranks and on the basis of scientific developments to adopt more extensively in trade and public dining everything new and advanced.

During the years of the past five-year plan the complete rationalization of state trade, which makes it possible to carry out rapidly the modernization and renovation of the network by the combining and more effective use of capital and material resources and the massive introduction of the achievements of science and technology, was begun. In the development of this very important work, we need to plan more rigidly the specific assignments and to monitor strictly their fulfillment. The task is to organize the use of the available material base so as to obtain from it the maximum impact both for the development of the commodity turnover and for the convenience of the population.

In the development of self-service we have to place serious emphasis on its quality. First of all, as during the 10th Five-Year Plan, we have to develop rapidly the network of self-service department stores. They are more convenient for the population and more economical to build and operate. But if we judge from the plans of the ministries of trade of the republics, the network of self-service department stores will grow more slowly. This is an obvious lack of understanding of the tasks and the inability to organize the centralization of capital investments. The policy specified by the Main Directions for the 11th Five-Year Plan: "To devote particular attention to the establishment of self-service department stores, department stores, specialized stores and large trade centers," should be strictly followed in the development of the material and technical base of trade enterprises.

It should be noted that during the years of the past five-year plan trade on advance orders, especially at industrial enterprises, increased considerably. The network of firm stores of industry increased, their functions were streamlined. Much work was performed on the specialization and concentration of trade in a number of nonfood consumer items, especially goods for children. The centralization of the packaging of goods in trade was stepped up. Dispatcher services, which control the supply of goods, are being set up everywhere.

Great tasks also face us in the area of the development of warehousing services. The decisions of the 26th CPSU Congress, as is known, oblige the workers of trade to take steps on the transfer of the bulk of commodity stocks to the wholesale unit. This is the only possible means for the more mobile use of commodity resources and the increase of the degree of economy of the entire system of commodity supply. The general policy is the construction of large mechanized wholesale bases and the introduction of unified technological processes, means of mechanization and the necessary organization of labor. The group of questions of the activity of wholesale trade should be under the constant control of the ministries of trade of the union republics and the local organs of the management of trade.

During the new five-year plan efforts should be concentrated on the introduction not of separate elements of advanced technologies, but of complete technological cycles. As the experience of Moscow, Leningrad, Chernigov, Khar'kov and the Lithuanian SSR have shown, for this intersectorial programs, which oblige industrial enterprises not only to introduce, but also to produce packaging equipment, since this is a part of the production technology, should be developed in the regions.

The changeover to the overall improvement of the processes of trade service also revealed many problems in its standard supply. Our science will have to bridge this gap in a short time. Our demands on scientific institutions reduce primarily to the fact that we expect from science many more developments of an applied nature, which indicate not only the result, which it is necessary to strive for, but also the ways, by the following of which it is possible to achieve this, including the specific organization of management activity.

The improvement of the organization of trade is inconceivable without the stepping up of organizing work locally, starting with the provision of executives with the instructions of the union ministry. Executive discipline and the sense of responsibility for the organization of work at all the levels of management of our complex and diverse sector should be increased.

We should constantly remember the words of Comrade L. I. Brezhnev at the 26th CPSU Congress, which emphasized the importance and need of our work, remember the exactingness with which the party judges its results, and take the most decisive steps to eliminate the shortcomings and negative phenomena in trade.

Unfortunately, they are still not able at all enterprises of trade and public dining to appreciate the time of the customer: they serve slowly and poorly, and also are rude. The materials of departmental checks, the letters and complaints of citizens attest to numerous cases of violations of the regulations of trade and prices and to various abuses committed by workers of the sector. Various negative phenomena, which it is necessary to root out and to attribute uncompromisingly to the guilty parties, especially the managers of enterprises who at times show indulgence toward violators, have been noticed more and more frequently in recent times in connection with the scarcity of some goods.

In this connection it is appropriate to talk about the work with the letters, complaints and statements of workers, the importance of which was emphasized at the 26th CPSU Congress. The recently promulgated decree of the CPSU Central Committee, "On Measures to Further Improve the Work With the Letters and Suggestions of Workers in Light of the Decisions of the 26th CPSU Congress," requires us to increase

the personal responsibility of managers and officials for the proper organization of the work with letters, the prompt taking of steps with respect to the essence of the raised questions, the soundness and timeliness of the responses to the deponents.

This work has constantly been in the purview of the executives of the USSR Ministry of Trade, as a result of which the number of repeat letters and statements has decreased, the period of review of complaints has been shortened and the organization of the reception of visitors has been improved. Nevertheless the supervision of this matter locally, where arriving letters and complaints are being examined with a violation of the period, is inadequate. The situation must be quickly rectified.

In this connection we should make more rigorous everywhere the demands on personnel, especially management, should consistently implement measures on the improvement of the selection, placement and training of people and the strict monitoring of the main directions of their activity directly in the collectives of enterprises. It is necessary to seek an increase of the number of certified specialists in management positions, to work in accordance with the plan with the reserve for promotion, giving preference to young, enterprising specialists who have given a good account of themselves in practical work.

Young people and the Leninist Komsomol are making a significant contribution to the development of the trade sector and the improvement of the service of the population. Attaching great importance to its role and basing themselves on the instructions of Comrade L. I. Brezhnev in his speech at the 18th Komsomol Congress, the USSR Ministry of Trade and the ministries of trade of the union republics are performing much work on the assignment and hiring of young people by way of a public appeal, on the increase of the number and the improvement of the work of Komsomol youth collectives, on the expansion and development of the tutorship movement.

It is necessary to improve the forms and methods of work with young people, seeking their active involvement in production and public activity and their attachment in the sector. Young people should be enlisted more in the development and adoption of everything new and advanced, which promotes both the technical development of the sector and the increase of its prestige and the attractiveness of labor in trade.

A universal assiduous attitude toward the commonweal and the ability to utilize fully and purposefully everything that we have should become the core of the economic policy. "The initiative of labor collectives and mass party work," Comrade L. I. Brezhnev said, "should be aimed at this. The technical policy, the investment policy and the system of plan and reporting indicators should be aimed at this.... The economy should be economical--such is the demand of the times."

The main reserves for increasing the profitability in the sector lie first of all in the reduction of nonproductive expenditures and unplanned losses, which still come to considerable amounts. The unpractical and, in a number of instances, irresponsible attitude of some officials toward the safekeeping of commodity stocks, the poor organization of commercial and claims work and shortcomings in accounting and supervision are the causes.

The ministries of trade of the union republics, local organs of the management of trade and the managers of enterprises of trade and public dining need to increase

the responsibility of officials for the irreproachable observance of the policy of economy, the prevention of cases of mismanagement and nonproductive losses and the assurance of the safekeeping of socialist property.

Socialist competition was and remains one of the vivid displays of the new attitude toward labor, and the successful fulfillment of the tasks set for the sector in the decisions of the 26th CPSU Congress can be assured on the basis of its extensive development.

Numerous examples of skillful, creative work on the organization of socialist competition are known. It has become more massive, specific and purposeful. Many collectives of enterprises have been awarded high decorations—banners and badges of the CPSU Central Committee, the USSR Council of Ministers, the AUCCTU and the Komsomol Central Committee, and have been placed on the Honor Roll of the Exhibition of USSR National Economic Achievements.

At the same time it is necessary to enhance the role of economic managers in the organization of socialist competition and the direct supervision of its progress. They are obligated to direct the collectives of enterprises toward the constant search for reserves for increasing the efficiency and improving the trade service of the population and to create all the conditions for highly productive and high quality labor at each workplace. The socialist obligations assumed by the collectives should be fully conducive to the identification of deep-seated reserves. Here it should be remembered that, while showing concern about the end result of the joint work of trade and industry, each collective is called upon to develop intersectorial competition for the achievement of the greatest results in the utmost increase of the output and the improvement of the quality of goods and the enlargement of the group of services being rendered to customers.

Every new gain in this joint work is a new step in the fulfillment of the decisions of the 26th CPSU Congress on the implementation of the policy of the Communist Party, which is aimed at the increase of the well-being of the Soviet people.

The workers of our sector are studying closely the materials of the 26th CPSU Congress and are outlining specific means for improving all their work. A practical tone is set by the letter of a group of congress delegates, workers of trade, to all their comrades in the profession, in which they called for the extensive development of socialist competition for the successful accomplishment of the historical tasks set by the congress.

Attaching great importance to the initiative of the congress delegates, the Collegium of the USSR Ministry of Trade, the Board of the Central Union of Consumers' Cooperatives and the Presidium of the State Trade and Consumer Cooperative Workers Union adopted a decree, in which they approved of the initiative of the congress delegates and recommended that it be discussed everywhere and that the efforts of the workers of the sector be mobilized for the extensive development of socialist competition for the successful fulfillment of the plans and socialist obligations of 1981 and the 11th Five-Year Plans as a whole, the considerable increase of the level of the trade service of the population, the stepping up of educational work, the introduction of advanced know-how and the increase of the efficiency and quality of work.

It is a matter of honor of all the workers of the sector and all the levels of management of trade to devote their efforts, knowledge and experience to the development of this movement for the achievement of the greatest results in the improvement of trade and to make their contribution to the fulfillment of the decisions of the 26th CPSU Congress.

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PERSONAL INCOME AND SAVINGS

INTERACTION OF SAVINGS, TRADE, MONETARY CIRCULATION EXAMINED

Moscow FINANSY SSSR in Russian No 4, Apr 81 pp 21-25

[Article by I. D. Slavnyy: "Savings, Commodity Turnover and Finances"]

[Text] In the work "Potrebnosti, Dokhody, Potrebleniye" [Demand, Income and Consumption] (Nauka, 1979) devoted to the methodology of analyzing and forecasting national prosperity, there is a chapter on forecasting public savings. Its author O. V. Rogova criticizes the current procedure for planning monetary circulation for the fact that in the balancing of the monetary income and expenditures of the public consideration is given to a rise in public savings. This, in essence, is a criticism of the financial planning system since such a resource is provided for in the loan funds which the state possesses.

The author begins her critical analysis by the assertion that the material and spiritual goods and services destined to satisfy the needs of the population are opposed by the total income of the population, a portion of which is turned into goods while the other maintains the form of a universal equivalent.

"In such an instance for each monetary unit there should be a corresponding commodity with a certain consumer value and only under these conditions does the equality between the commodity and monetary stocks become real.... Each ruble of money in the hands of the population is guaranteed in the sense that in the distribution sphere it is offset by a certain consumer value in the form of a good or service" (pp 214-215).

Thus, all the monetary assets of the population, including the portion which is not destined to be turned into goods, should be offset by the commodity mass of goods and services with the corresponding value. With a disruption in this congruity, the processes of circulation and the balancing of the commodity-monetary circulation are disrupted.

Here, still in an abstract form, proceeding from the view that for each ruble of money in the population there should be a corresponding ruble of goods destined for personal consumption, is found the assertion that the volume of commodity resources should exceed the purchasing fund of the population by the total amount of its newly formed savings. At the same time, in essence this is a denial of the process of the redistribution of national income involved in the formation of savings and the established understanding of the nature of the commodity support of money. If all

the money of the public should be offset by consumer goods, then the redistribution of national income between consumption and accumulation by the savings of the public would be impossible.

Incidentally, the author does not limit herself to abstractions. She then goes on to directly attack the existing system for planning monetary circulation according to which the monetary income and expenditures of the population are considered to be balanced with a conformity of the public's purchasing fund to the volume of retail commodity turnover. "In constructing the national economic plan and in particular the balance of monetary income and expenditure," writes O. V. Rogova, "the conformity is determined between the purchasing funds (the monetary income minus the increase in deposits, obligatory payments and paid services) and the volume of commodity turnover. The balancing between all the income available to the public in the planned period and the offering of goods and services in the given instance remains outside the view of the planning bodies" (p 216).

The existing planning system, in the author's opinion, eliminates the direct link between the volume of the public's money in deposits and cash with their material counterpart, when in the current planning practices a portion of the monetary income of the population apriori is judged as unrealizable. "Thus, intentionally the realization of the public's income is restricted by the supply of goods and paid services...." (ibid.). In considering the reduction in the solvent demand of the public by the amount of the increase of its savings, the planning of monetary circulation not only does not help to balance the income and expenditures of the public but also predetermines the formation of monetary carryovers as a result of the unsatisfied demand for goods.

This concept is not marked by clarity. Judging from certain formulations, for the proportionality of monetary circulation, commodity turnover should equal the purchasing funds of the population without excluding the increase in its savings from them. Judging from others, it is essential to have a volume of commodity resources which would support commodity turnover, the increase in commodity stocks and all the money acquired by the public.

Thus, the criticism of the current system for planning monetary circulation comes down to two basic notions. In the first place, in the balancing of the monetary income and expenditures of the population, it is essential to define its solvent demand and the volume of commodity turnover without considering the increase in savings. Secondly, the increase in the commodity inventories should correspond to the increase in the income of the population while the total amount of consumer goods stocks as the material counterpart of Soviet money should correspond to the total amount of money.

In economic literature, such a viewpoint has not been widespread. It is not valid either theoretically or practically.

The formation of the savings of the public manifests one of the five functions of money defined by Marx, namely (in terms of the socialist economy and the circulation of money in terms of the income and expenditures of the population) as savings. In this function, the movement of money, in the use by the public of its income, is temporarily interrupted. But this does not mean that the interrelated movement of

money and goods is stopped. In deferring the acquisition of goods and in temporarily not spending the received money, the population credits them to the state. In using these credit resources, the state redistributes the value and material elements of national income and increases the accumulation fund. This helps to accelerate expanded reproduction.

Regardless of in what form the economy is credited from the monetary reserves formed by the public--in the form of short- or long-term credit--in this process of the movement of money which is directed on a planned basis by the credit and financial plans, the material content of the goods caused by the movement of money is altered with the unity of the movement of goods and money.

Monetary circulation in the USSR, as one of the forms of plan-managed monetary circulation based on the financial and credit distribution and redistribution of money cannot help but reflect the processes related to the functioning of money as savings. For this reason in the monetary circulation plans the purchasing funds of the population should be determined in accord with the correctly formed amount of its solvent demand, including considering the correctly determined increase in the funds of the public in savings.

This is the objective basis for showing the redistribution of money as a result of the formation of the public's savings in the credit plan, in the national financial balance and in the monetary circulation plan. The channeling of additional financial resources to form accumulation is economically sound and corresponds to the laws of the socialist economy.

The author of the above-mentioned chapter puts forward a series of arguments to support the view on the unsoundness of considering the savings of the public. Advance planning of free money of the public deprives the public of the right to realize its income at its discretion. "Moreover, due to the reduction of the purchasing funds and, correspondingly, the supply of goods and services by the amount of the deposits, a portion of the deposits assumes a forced nature" (p 218).

The argument is a superficial and unconvincing one. The population makes deposits proceeding from its interests and possibilities and not because a certain amount of receipts of the public's money as deposits is planned. But this argument also expresses a doubt as to the possibility of planning the savings of the public and primarily the amount of the increase in deposits.

Of course, the planning of savings differs substantially from the planning of the wage funds, pensions and aid, receipts from the financial system, retail trade turnover, expenditures of the public on paid services and other items in the balance of the monetary income and expenditures of the population which are based on production and other national economic indicators. The establishing of the wage fund, for example, is based on the indicators in the plan for raising labor productivity, on the necessary increase in the number of workers in the individual national economic sectors, on the wage standards, the quotas for improving the wage systems and other material indicators. A majority of items in the balance of the monetary income and expenditures of the population is planned in such a procedure. At the same time, the formation of the savings of the public in the form of deposits, the 3-percent loan and personal insurance policies, is determined by the right of the population

to use its income and money as personal property, that is, at its discretion. This, of course, does not mean that the formation of public savings is not under the indirect influence of the state.

The state of commodity turnover and the structure of its resources, the state of the sphere of paid services, measures to increase the income of the population, the level of pension security, the price policy contributing to the stability of prices for basic goods, the development of incentives for the formation of savings, ensuring a definite turnover rate for deposits, the development of clearing transactions for deposits and other factors clearly influence the public's interest in savings. Many of these factors, and in particular the methods of encouraging and raising the turnover rate of funds on deposit, need further development.

Under conditions where there is planning for the income of the population, retail commodity turnover, retail prices and public consumption funds, that is, ultimately the level of the monetary and real income of the public, the indirect levers for influencing the use of a portion of income by the public as savings make it possible to effectively direct, regulate and account for the processes of the formation of these savings.

The planning calculations for the amount of the increase in public savings can and should be constructed on such a basis. It must be said that in this sphere many spontaneous phenomena have still not been eliminated and with the present sharply increased scale of savings by the public this affirms the need to strengthen the balancing of monetary circulation and provide monetary circulation and retail commodity turnover with greater reserves. It is also essential to substantially improve and widen the system for studying the processes of the formation of savings, and in particular the effectiveness of the forms for encouraging this. This will help to further improve the methods creating an interest among the public to develop savings, to introduce a number of methods used in the socialist countries and to better plan public savings.

Decree No 695 devoted a great deal of attention to the development and improving of the financial and credit mechanism. In particular it was pointed out that in the five-year plans and in each year of a five-year plan a financial balance should be worked out which would provide the financial resources for all measures set in the state plans and the formation of the necessary financial reserves. The financial balance should coordinate all the financial plans of the sectors, all the Union-wide plans and the balances of monetary resources and their use with the material balances. The savings of the public kept by the savings banks and by state personal insurance are and will be an important financial resource. The formation of such a resource, in reflecting objective economic processes, helps to increase accumulation and to balance the material and financial plans for the economic development of the nation. Correct accounting of this resource, the preventing of its understating or overstating and an improvement of its planning--these are the demands of the Soviet system for managing the nation's economy.

In the above-mentioned work which asserts that the commodity stocks should correspond to all the monetary assets of the population and which understates the amount of necessary commodity resources, naturally an important question of monetary circulation has been omitted or has been skipped over. This is the providing of trade with the necessary commodity inventories.

The formation in wholesale and retail trade of inventories which correspond to the real requirements of commodity turnover, its volume, the structure of the commodity resources and to the distribution of commodity turnover in the economic regions of the nation is of essential significance for carrying out the commodity turnover plan and hence for the proportionality of monetary circulation. For this reason the amounts of the increase in commodity inventories in trade are accounted for in drawing up the plan for retail commodity turnover and its resources.

Many years of the actual planning of monetary circulation and commodity turnover have produced criteria for determining the necessary amounts of commodity inventories in trade corresponding to the increase in the solvent demand of the public and to the change in the structure of demand for individual goods.

The broadening of the network and turnover of trade, particularly in the eastern regions of the nation and the rise in the share of consumer durables in commodity turnover have necessitated an absolute increase in the amounts of commodity inventories. But relatively (in relation to commodity turnover) the inventories should be reduced due to the increased turnover rate of assets under the influence of technical progress and the organizational improvements in all areas of material production.

The formation of inventories in trade reflects the particular features of its development. These particular features are largely determined by the amounts and changes in the income of the population, but, being an essential element in ensuring the stability of monetary circulation, they are in no way caused and are not identical with the growth and amounts of public savings.

The calculations of the plan for the growth of commodity inventories in trade are of great significance for the normal functioning of retail commodity turnover. The necessary renewal of its structure to a significant degree is achieved by improving the overall organization of wholesale trade and by its prompt supply with the planned resources.

The correct distribution of trade stocks over the territory of the nation and the manipulating of them play a major role in achieving a balance in monetary circulation and in the fuller satisfying of the growing demand of the public for goods in each economic region.

The theory of money and monetary circulation in a socialist economy includes the problem of ensuring the stability of monetary circulation. It has been theoretically proven and confirmed by practice that under the conditions of a planned economy, with the balancing of monetary circulation, that is, with the conforming of commodity turnover to the purchasing funds of the public and the structure of the commodity resources to its demand, there is a possibility of the complete and uninterrupted satisfying of solvent demand for goods at stable, planned prices and, thereby, a conformity of the volume of money to the requirements of monetary circulation. Here lies the essence of the commodity nature of the security and full value of Soviet money.

Consequently, this very problem arises and is affirmatively solved in planning commodity resources considering the real growth of the purchasing funds of the public

and the commodity inventories in trade. The concept of monetary circulation according to which each ruble of money in the hands of the population should be guaranteed by definite goods and services throws us back to a primitive understanding of the commodity back-up for the Soviet money and to the idea of the need for a 100-percent coverage of the monetary accumulation of the public by commodity resources. It leads us to forming enormous commodity inventories which without need would divert significant material assets and money from circulation. At the same time, according to this notion there is no need to bring out the role of the individual functions of money to ensure the stability of monetary circulation.

In actuality, the turnover of money in the process of forming public savings has a definite influence in this regard. The functioning of money as savings, the credit use of these resources and the redistribution of a portion of national income in favor of accumulation through credit strengthen the commodity support for Soviet money. The channeling of additional monetary and material resources into expanded reproduction helps to increase the output of goods, particularly those earmarked for personal consumption, and thereby to better balance the monetary income and expenditures of the population and to more fully satisfy the public's demand for goods at stable prices and according to the changing consumption structure.

For the commodity support of money, the most important thing is that in the course of expanded reproduction correct ratios be set between consumption and accumulation, between production in the industrial sectors of the "A" and "B" groups and correct proportions for the material balances in the production of consumer goods.

Soviet money carries out not only the relationships related to wages and expenditures of the population but also a large portion of all the movement of material valuables, the distribution and redistribution of national income. This circulation should coordinate all the elements of the reproduction of social product, including the material and financial assets, the movement of money and goods. These are the bases for the commodity support of Soviet money.

In order not to put excess money into circulation and not to disrupt its support, the volume of commodity inventories and paid services realized in retail trade and their structure should conform to the solvent demand of the public. The latter is determined by the volume of the monetary income of the population minus the withholding of taxes and other payments and the formation of new savings and by the addition of demand from the repayment of a portion of previously formed savings.

The decree of the CPSU Central Committee and the USSR Council of Ministers of 12 July 1979 contains a number of fundamental instructions concerning a further improvement in the economic planning system. They apply fully to the planning of monetary circulation as well. A number of demands stem from these instructions. In the first place, it is essential to provide reserves to ensure stability of monetary circulation. The development and complicating of the processes involved in the formation of the income of the public, primarily wages, and the necessity to satisfy the growing demand of the public for goods and services require an increase in the reserves of the balance of monetary income and expenditures of the population, including the reserves of retail commodity turnover. Secondly, it is essential to raise the level of planning for all processes of monetary circulation including those related to the formation of the savings of the public as this is extremely important for the proportionality of monetary circulation.

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